# EU Deflation Aff

## 1AC

### Framework

I affirm. The standard is maximizing well-being.

**A. INTERPRETATION: The negative must concede to the affirmative framework if the AC standard is disclosed, structurally turnable, ends based, and the aff reads substantive justifications in the AC.**

**Concede means to take as is, so they can’t recontextualize the framework to exclude aff offense.**

**B. VIOLATION**: The negative violates if they contest the framework provided in the AC or denies me the ability to choose the framework. TO CLARIFY: The negative MAY NOT make any arguments that a) justify other substantive arguments that count as offense or b) generate substantive offense that don’t link back to a post-fiat utility calculus

*Any negative theoretical response to this shell is a defensive counter-interpretation at best since they would justify that the neg may respond to the aff framework.*

**C. STANDARDS:**

**1. Time Skew**- Because **a. the 7 to 4 and 6 to 3 rebuttal skew b. 13-4 time skew- they can make new responsive arguments in both speeches, but I can’t make responsive arguments in the blind 1AC or new arguments in the 2AR because no 3N**, neg is at a significant advantage. AFC solves neg time skew and their ability to layer by forcing the debate to one layer where I can weigh. Instead of having to win both a framework and offense back to that framework in the impossibly short 1ar, the aff only has to win offense back to a standard, which is more practical. Time skew is the most important impact to fairness because if you don’t have time to make arguments, you can’t debate, making it a prerequisite to all other standards.

**2. Strategy skew**- The NC can adapt to the AC but the AC can’t adapt so the neg can maximize the use of its speech time, but the 1ar has to respond to multiple layers of the debate to ensure the 6 minutes I committed to the AC stay relevant. AFC solves the strat skew because a. it ensures AC offense remains relevant and b. the variance in neg strategy is greatly diminished. Preventing strategy skews is key to fairness because if the neg can form strategy better than the aff, it has an easier shot at winning the round structurally.

**And**, even if the neg proves AFC doesn’t completely solve side bias, they must offer a concrete alternative to rectify the inherent advantage of negating, otherwise prefer AFC since it has a risk of solving the side-bias. **(56 seconds)**

#### 1. Prefer consequentialism- it’s impartial, takes everyone into account, solves moral conflicts, and is the best available moral theory.

#### BERGSTROM [Lars Bergstrom, Stockholm University, “Reflections on Consequentialism”, From Theoria, Vol. 62, Part 1-2, 1996, pp.74-94., DDA]

(i) Consequentialism is morally attractive. In the first place, it may even seem intuitively self-evident that we should always act so as to achieve the best possible outcome. What could be better? Besides, if we think more specifically of classical utilitarianism, as a main version of consequentialism, this is morally attractive in at least two different respects. First, it stresses the way people (or sentient beings, in general) are affected by our actions. What matters is the welfare or the preferences of everyone to whom our actions make a difference. This is surely very important. It expresses a generalized version of the idea that one should treat others as one would like others to treat oneself. Second, it is completely impartial. It rejects all forms of egoism, ethnocentrism, and racism. It is also temporally impartial. Future generations have the same weight in a consequentialist calculus as our own generation (other things being equal). (ii) Consequentialism solves moral conflicts. In ordinary life, moral considerations sometimes point in different directions. Those are the very situation in which a moral theory is most needed. When different moral rules give different directions, there is a moral conflict. We need to know how to handle such conflicts. Consequentialism presents a general solution to such conflicts. This solution may be hard to identify in practice, but it is at least a solution. According to consequentialism there is always an answer to hard moral questions. (iii) Consequentialism is a bold conjecture. For one thing, it is bold in the sense that it is simple and has very broad scope. Maybe it can also be said to be "bold" in a sense similar to that stressed by Karl Popper for scientific theories,12 namely that it contradicts earlier theories while at the same time explaining their relative success. Consequentialists often claim that many moral principles, which are strictly speaking incompatible with consequentialism, can actually be given a consequentialist motivation if they are interpreted as useful approximations to be used in practice. Also consequentialism can be said to be bold in the sense that it has more content than many alternative views. Alternative theories, such as Kantianism, Christian ethics, existentialism, natural right theories, and so on, seem to give rather indeterminate answers to actual moral problems. Consequentialism, on the other hand, has a definite answer to every question concerning the moral rightness of actions. (iv) Consequentialism is theoretically fruitful. In the development of moral philosophy since the time of Sidgwick, say, utilitarianism and consequentialism in general has played a major part. It has been theoretically very fruitful in the sense that it has stimulated philosophers to work out details and answer difficult objections. It has given rise to a many interesting problems and to a lot of professional discussion. In recent years, John Rawls's theory has also been very influential, but on the whole I think it is fair to say that consequentialism has been more theoretically fruitful, in our time, than any other moral theory. (v) Consequentialism is our best theory so far. Even if consequentialism is not a completely satisfactory theory, it nevertheless seems to better than the currently available alternative theories of rightness. It is better, I think, in virtue of the considerations (i) through (iv) above. Moreover, it seems reasonable to hold on to a theory which is better than any known alternative, even if the theory itself is problematic in many ways. This seems to be a good strategy in science, and I think it can be applied in ethics as well (provided, of course, that the theory solves some important problems). It is better to have a theory with some advantages than no theory at all, and the more advantages the better.

### Harms

#### Deflation is a huge threat to the European economy—recent stimulus doesn’t fix the problem—additional measures like the aff are needed to fight deflation.

#### KRUGMAN 1/24 [Paul Krugman, Nobel Prize-Winning Economist who is a professor of Economics at Princeton University, “Europe’s economy was wrecked in the name of responsibility”, January 24, 2015, DDA]

The United States and Europe have a lot in common. Both are multicultural and democratic; both are immensely wealthy; both possess currencies with global reach. Both, unfortunately, experienced giant housing and credit bubbles between 2000 and 2007, and suffered painful slumps when the bubbles burst. Since then, however, policy on the two sides of the Atlantic has diverged. In one great economy, officials have shown a stern commitment to fiscal and monetary virtue, making strenuous efforts to balance budgets while remaining vigilant against inflation. In the other, not so much. And the difference in attitudes is the main reason the two economies are now on such different paths. Spendthrift, loose-money America is experiencing a solid recovery — a reality reflected in President Barack Obama’s feisty State of the Union address. Meanwhile, virtuous Europe is sinking ever deeper into deflationary quicksand; everyone hopes that the new monetary measures announced Thursday will break the downward spiral, but nobody I know really expects them to be enough. On the U.S. economy: No, it’s not morning in America, let alone the kind of prosperity we managed during the Clinton years. Recovery could and should have come much faster, and family incomes remain well below their pre-crisis level. Although you’d never know it from the public discussion, there’s overwhelming agreement among economists that the Obama stimulus of 2009-10 helped limit the damage from the financial crisis, but it was too small and faded away far too fast. Still, when you compare the performance of the U.S. economy over the past two years with all those Republican predictions of doom, you can see why Obama is strutting a bit. Europe, on the other hand — or more precisely the eurozone, the 18 countries sharing a common currency — did almost everything wrong. On the fiscal side, Europe never did much stimulus, and quickly turned to austerity — spending cuts and, to a lesser extent, tax increases — despite high unemployment. On the monetary side, officials fought the imaginary menace of inflation, and took years to acknowledge that the real threat is deflation. Why did they get it so wrong? To some extent, the turn toward austerity reflected institutional weakness: In the United States, federal programs like Social Security, Medicare and food stamps helped support states like Florida with especially severe housing busts, whereas European nations in similar straits, like Spain, were on their own. But European austerity also reflected willful misdiagnosis of the situation. In Europe as in America, the excesses that led to crisis overwhelmingly involved private rather than public debt, with Greece very much an outlier. But officials in Berlin and Brussels chose to ignore the evidence in favor of a narrative that placed all the blame on budget deficits, and simultaneously rejected the evidence suggesting — correctly — that trying to slash deficits in a depressed economy would deepen the depression. Meanwhile, Europe’s central bankers decided to worry about inflation in 2011 and raise interest rates. Even at the time it was obvious that this was foolish — yes, there had been an uptick in headline inflation, but measures of underlying inflation were too low, not too high. The terrible thing is that Europe’s economy was wrecked in the name of responsibility. True, there have been times when being tough meant reducing deficits and resisting the temptation to print money. In a depressed economy, however, a balanced-budget fetish and a hard-money obsession are deeply irresponsible. Not only do they hurt the economy in the short run, they can inflict long-run harm, damaging the economy’s potential and driving it into a deflationary trap that’s very hard to escape.

#### Deflation is a huge threat to the European economy because of low wages – multiple indices confirm.

#### HANNON 3/19

[Paul Hannon, Reporter for the Wall Street Journal. “Eurozone Wage Growth Slows, Raising Fears of Deflation” March 19, 2015. Wall Street Journal]

Pay growth in the eurozone slowed in the final three months of 2014, a development that if sustained would raise fresh concerns about the threat of a slide into deflation. The European Union’s statistics agency said wages in the final three months of the year were 1.0% higher than in the fourth quarter of 2013, a slowdown from the 1.4% rate of growth recorded in the three months through September. Consumer prices began to fall in the final month of last year, prompting the European Central Bank to launch a program of quantitative easing, under which it will buy more than one trillion euros of most government bonds by September 2016. Policy makers are worried that workers and businesses will grow to expect further declines in prices, and agree lower pay rises that will in turn weaken inflation further. “The slowdown in annual wage growth...will likely fuel ECB concern that very low inflation/deflation is causing employers to hold down pay increases, which will make it harder to lift eurozone inflation,” said Howard Archer, an economist at IHS. Labor costs also increased at a slower pace of 1.1% in the final quarter of last year largely as a result of slower wage growth. For many businesses, wages and taxes on workers account for the bulk of their costs. Slowing labor costs mean they are under less pressure to raise their own prices. There are some signs that, in Germany at least, wage growth is set to pick up this year. In February, Germany’s most powerful union IG Metall agreed a deal with employers on a 3.4% pay increase for 800,000 metal and electrical workers in the state of Baden-Württemberg which may serve as a precedent for other regions. But Eurostat’s figures showed wage growth slowed in the eurozone’s largest economy in the final quarter of last year, and slowed in France and Spain. Wages fell in Italy. The eurozone’s unemployment rate remains very high compared with other developed economies such as the U.S., although it is edging downward, albeit slowly. There is therefore less pressure on businesses to pay their workers more. There are signs that pressure is beginning to build, however. Eurostat also released figures that showed the percentage of unfilled jobs as a share of the total rose to 1.8% in the fourth quarter from 1.6% in the third. The job vacancy rate was highest, at 3.2%, in Germany, which boasts a low unemployment rate.

#### The Eurozone is threatened by deflation despite recent efforts towards quantitative easing.

#### ATKINS 4/6

[Ralph Atkins, Journalist, FT Capital Markets Editor. April 6, 2015. “A decent pop from Draghi, but deflation threat remains.” Dawn, Economic & Business.]

But the experience of eurozone QE has not been smooth for the rest of continental Europe. Switzerland’s economy was jolted by a jump in the Swiss franc after the country’s central bank gave up trying to cap its value against the euro. Sweden and Denmark have had to cut interest rates deep into negative territory to prevent side-effects. Meanwhile, transatlantic policy divergence has complicated life for strategists trying to predict where yields are heading next. “It’s like the end of the cold war, when you moved from a bipolar to a multipolar world, with central banks tugging in different directions,” Richard McGuire, bond strategist at Rabobank, says. Before the ECB started buying on March 9, many expected bond prices to fall and push up yields. The argument was that the ECB’s intentions were well known and that smart investors “buy the rumour, sell the fact”. In fact, another lesson of eurozone QE is that yields could fall further. The biggest declines have been in German yields. That was perhaps not surprising: Berlin’s fiscal conservatism is expected to create shortages of German debt for the ECB to buy. But bond strategists fret that liquidity constraints in short-term debt markets are distorting prices and the functioning of markets. Corporate bond issuance has surged as companies have taken advantage of ultra-low interest rates; if proceeds fund share buybacks, as many expect, the share rally will be given further support. Bond yields fell in spite of re-escalating worries about Greece’s future in the eurozone, though Spanish and Italian yields might have fallen further without the ructions created by the new Athens government. Possibly, that falling yield trend could soon reverse, and not necessarily smoothly. The ECB launched QE to pull the eurozone from the brink of a deflationary slump. If inflation rises, so should bond yields, which compensate investors for the erosion of their purchasing power. The risk is of a disruptive sell-off, perhaps triggered by a sudden change in expectations about future inflation rates. A final lesson of eurozone QE is that even when central banks are writing financial history, their actions take time to feed through. It is still unclear whether Mr Draghi can avert the deflation threat; annual eurozone inflation in March was less negative than in February but below zero. Long-term inflation expectations priced into markets have picked up only modestly. Aggressive QE launched by Haruhiko Kuroda after he became Japan’s central bank governor two years ago has failed to lift Japanese inflation decisively. Will Mr Draghi really be any luckier?

#### The new stimulus package doesn’t solve econ – can’t fix deflation and only short-term—structural reforms to the economy are key to sustained growth

IRWIN 1/22 – lead economics correspondent for The Washington Post [Neil, “Stimulus for Eurozone, but It May Be Too Little or Too Late,” New York Times, January 22, 2015, <http://www.nytimes.com/2015/01/23/upshot/mario-draghis-bombshell-is-europes-last-best-hope-to-return-to-growth.html?_r=0&abt=0002&abg=1>, Accessed 1/25/15]

The [ECB] European Central Bank unleashed a surprisingly aggressive stimulus plan on Thursday that looked like the last, best hope to prevent the region from sliding toward another lost economic decade with the stagnant growth, high unemployment and political strains that it would mean. But the 1.1 trillion-euro question is whether the bond-buying program will jolt Europe out of its economic doldrums or merely create a short-term lift to financial markets. The flood of new money sloshing around the global economy could also create problems elsewhere. “The E.C.B. will succeed in weakening the euro and maintaining generally low interest rates,” said Mohamed A. El-Erian, the chief economic adviser at the financial services company Allianz. “But this is insufficient to deliver a growth breakthrough,” he added, and “comes with the risk of collateral damage and unintended consequences.” Since the financial crisis in 2008, nations grappling with economic weakness have repeatedly turned to one tool to try to fix things: the power of their central banks to create new money from thin air and push it into the financial system by buying bonds. Such programs, known as quantitative easing, can help lower long-term interest rates and bolster financial markets, encouraging spending and business investment. Years after the United States, Britain and Japan traveled down that path, the European Union, long hamstrung by the complex politics of a single central bank setting policy for 19 countries, has developed its own program. The E.C.B. will buy 60 billion euros’ worth of securities a month, the bank’s president, Mario Draghi, said, including both government bonds and private sector assets. With prices falling in the countries using the euro, Mr. Draghi pledged that the purchases would “be conducted until we see a sustained adjustment in the path of inflation” to become more consistent with the central bank’s aim of inflation just below 2 percent a year. The program was bigger than analysts had expected, and the initial market reaction was favorable. Stocks jumped worldwide, and borrowing costs fell, particularly in Europe. The value of the euro — already dropping precipitously in recent months in anticipation of the move on Thursday — dropped an additional 2 percent against the dollar to its lowest level since 2003. That should help the E.C.B’s goal of increasing eurozone inflation, and help make the Continent’s exporters more competitive. The success or failure of the program, though, depends on much more than one day’s market moves. And the mixed record of monetary injections elsewhere show the challenges that Mr. Draghi and his colleagues will have turning their fiscal activism into sustained economic improvement. The American and British efforts are generally considered successful, but Japan is struggling with a weak economy and deflation. Mr. Draghi acknowledged that it would take more than an open spigot of money from the central bank to get Europe’s economy on track, and that political authorities across Europe must act as well. “What monetary policy can do is to create the basis for growth,” he said at a news conference in Frankfurt. “But for growth to pick up, you need investment. For investment, you need confidence. And for confidence, you need structural reforms.” “It’s now up to the governments to implement these structural reforms,” he said. Then there are the broader risks of such aggressive monetary activism, as trillions of new dollars, pounds and yen have created unpredictable ripple effects worldwide. Even before Europe announced its plans, risks started to surface. Switzerland’s central bank last week abandoned a longstanding peg of the value of its currency, the franc, against the euro, concluding that it would be impossible to maintain amid the anticipated E.C.B. action. After dropping the cap, the value of the franc rose 17 percent in a single day, and a Swiss recession may well result. Also Thursday, the Danish central bank cut interest rates, as it faces the challenge of maintaining its own peg between the krone and the euro. It is the country’s second rate cut in a week. Going in the opposite direction, the Federal Reserve is withdrawing its extraordinary stimulus from the United States, helping to drive up the value of the dollar on global currency markets. That could make for more challenging times for American exporters and companies and banks in emerging markets that have borrowed extensively in dollars. Mario Draghi, the European Central Bank president, said Thursday that the governing council agreed to a quantitative easing program that will see it buy up to 60 billion euros’ worth of bonds. Even as the ripples from years of monetary intervention spread through the globe, the biggest uncertainty for Europe is whether the new program will be enough to arrest a slide toward deflation. Analysts have been reluctant to predict too much out of the new program. “Q.E. is not a silver bullet for the eurozone’s many problems,” Howard Archer, the chief European economist for IHS Global Insight, wrote in a research note. “But it should provide some limited help to growth by adding to the stimulus that is already coming from very low oil prices and the markedly weaker euro.” At first glance, Mr. Draghi’s plan emulates the Federal Reserve’s third and final round of quantitative easing, which is generally credited with helping to accelerate the American economy over the last two years. Both programs were open-ended in size, with billions in monthly bond purchases paired with a pledge to continue until some goal was met. (For the Fed, it was substantial improvement in the job market. For the European Central Bank, returning inflation toward its target).

#### There’s a huge variation in minimum wage levels throughout the EU.

#### SCHULTEN 14 [Thorsten Schulten (Senior Researcher, Wirtschafts- und Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), “Contours of a European Minimum Wage Policy”, Friedrich Ebert Stiftung, October 14, DDA]

The scope and effectiveness of national minimum wage regimes is closely linked to the level of the relevant minimum wage protection, which varies considerably in Europe (Kampelmann et al. 2013; Schulten 2014b).4 In countries with universal minimum wage regimes three groups can be distinguished with regard to the level of national minimum wages (in euros) (Figure 2): (i) the group with relatively high minimum wages encompasses six states from western Europe, headed by Luxembourg, with a minimum wage of 11.1 euros per hour, followed by a core, all of whose minimum wages are now over 9 euros, made up of France (9.53 euros), the Netherlands (9.11 euros) and Belgium (9.10 euros). The minimum wage in Ireland is a little lower, at 8.56 euros. Bringing up the rear in this group is the United Kingdom, with a minimum wage of 7.43 euros per hour. When Germany introduces a minimum wage of 8.50 euros from 2015 it will thus find itself at the lower end of this leading group. In the second group, with national minimum wages be- tween 2 and 7 euros an hour, are eight EU states from southern and central and eastern Europe. Heading this group is Slovenia, with a minimum wage of 4.53 euros per hour. Malta and Spain follow, with 4.15 and 3.91 eu- ros, respectively. After a cut of more than 20 percentage points in February 2012 the minimum wage in Greece is now only 3.35 euros. At the bottom of the middle group come Portugal, Poland, Croatia, Estonia and Slovakia, with values between 2 and 3 euros. The third group, with minimum wages below 2 euros, encompasses only coun- tries from central and eastern Europe. The minimum wage level here is between 1.70 euros and 2 euros an hour. Bringing up the rear in Europe as a whole are Bulgaria and Romania, with minimum wages just over 1 euro an hour.

### Plan

#### Plan Text: Through the European Semester, the European Union will require all member states to set national minimum wages at a minimum of 60 percent of their respective median wages.

#### SCHULTEN 2 [Thorsten Schulten (Senior Researcher, Wirtschafts- und Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), “Contours of a European Minimum Wage Policy”, Friedrich Ebert Stiftung, October 14, DDA]

The recommendations of the European Trade Union Confederation are along similar lines, demanding that, where national minimum wages exist, they should be at least 50 per cent of the relevant national average wage or 60 percent of the median wage (ETUC 2012). However, the European trade unions to date have not been able to reach a common position on a European minimum wage policy, mainly because the Scandinavian trade unions are strongly opposed to any kind of wage policy guidelines from Brussels (Eldring and Alsos 2012; Furaker and Loven Selden 2013). The implementation of a European minimum wage policy would require, first, that the EU states were able to reach agreement on criteria for an »adequate« minimum wage. In order to take properly into account national wage differences and related different levels of economic development in Europe such criteria could take their bearings only from a relative minimum wage that would stand in a particular ratio to the national wage structure. Most proposals for a European minimum wage policy thus aim at establishing a European minimum wage norm, defined as a certain percentage of the national average or median wage. Besides agreement on the content of a European minimum wage policy, however, a number of political and institutional obstacles would have to be overcome. This involves, first, the fundamental problem that regulatory competences in the area of wage policy are explicitly ruled out in the European Treaty. On the other hand, in recent times the EU has been perfectly willing to intervene in the (minimum) wage policy of individual member states, sometimes massively (Schulten and Müller 2013). This has been most striking in the so-called crisis states – such as Greece, Ireland and Portugal – where the Troika (made up of the European Commission, the European Central Bank and the IMF) linked the payment of credits to extensive reform re- quirements, including drastic intervention in wage and collective bargaining policy. Furthermore, with its establishment of the European Semester, the EU has created an institutional framework for the purpose of imposing also wage policy requirements on individual member states as part of a Europe-wide coordination of economic policy.

#### Implementation mechanism is clarified

#### SORIANO AND MACIAS 13 [Enrique Fernández-Macías (Ph.D in Economic Sociology and Researcher at the European Foundation for the improvement of living and working conditions) and Carlos Vacas-Soriano (Researcher at Eurofound), “A Coordinated EU Minimum Wage Policy?”, Dublin: European Foundation for the Improvement of Living and Working Conditions. Cornell University Industrial and Labor Relations School, October 2013, DDA]

There would be many possible ways to coordinate European minimum wage policies, and even the defenders of this idea often have different opinions in this respect. To discuss such possibilities, we will focus on three main axes of coordination: 1) the mode of regulation (basically, hard vs. soft law in EU terminology); 2) the extent of coordination (levels vs. systems); and 3) the definition of target levels (a proportion of median or average wages, GDP per capita, or others). 1. The mode of regulation. Several of the proponents of the idea of an EU minimum wage policy (for instance, Schulten 2008) have argued that the coordination could be carried out using the mechanisms of “soft law” that have been applied in recent years for the coordination of employment and social policies in Europe, what in EU terminology is called “Open Method of Coordination”. The OMC basically consist in a commitment to broadly defined European objectives by member states, which have then to develop nationally specific action plans, with progress towards the objectives being periodically reviewed through commonly agreed indicators, and a common discussion of results with the aim of spreading best practices and common learning and improving.22 Considering the important existing differences in national minimum wage systems, it has been argued that the OMC provides “a very practicable way to introduce a European minimum wage policy” (Schulten 2008: 431). Some have argued, though, that the OMC has delivered few results in terms of actual policy coordination and harmonization (its explicit goals), since the lack of any type of enforcement mechanism renders it ineffective in practice (for a review, see Borras and Radaelli 2010). A “hard” form of regulation, ie. a directive, would surely be more effective, but since pay is currently explicitly excluded from the treaties it can only be considered in the long run (it would require changing the treaties), and it would involve a considerably higher degree of harmonization, which may be opposed by many countries and EU actors, as mentioned in the previous section.23 2. The extent of coordination. Most proposals for an EU minimum wage policy refer to a common target level (for instance, a proportion of average wages), without mentioning the institutional mechanisms that should bring about such minimum pay level in each country. In fact, some of the proposals explicitly argue that the system for setting out the minimum level should be decided by each country according to its own institutional and industrial relations traditions. What this would imply is that countries where minimum wages are set up by collective agreement could maintain such system, only adopting the compromise to ensure that it is at least as high as the common target. Although that would make the policy much more feasible on the face of the existing diversity, there would be some problems. First, a minimum wage system purely established by collective agreements (such as the one in Sweden or Denmark) leaves uncovered some workers (those not covered by collective agreements). If the common target level is defined as a minimum for all workers, it may require the extension of collective agreements or the establishment of some kind of second-level statutory floor. In both cases, this would imply an important change in the existing industrial relations practices, with a higher degree of state intervention. Taking this a step further, the EU coordination could aim at harmonizing not only levels, but also systems, requiring that below the collectively agreed minimum wages (which are generally higher) there would be a statutory minimum threshold corresponding to the EU target. If this would be the case, the impact of coordination would differ considerably across Europe: in the countries which currently have statutory minimum wages, only the level would change, not the system; in the countries where they are collectively agreed, the system itself would have to change, and therefore the institutional impact would be more significant (we will discuss this in more detail in the following section). It is important to note that even in the latter case, the statutory minimum wage would not (necessarily) replace the collectively bargained level, but supplement it by setting an absolute minimum covering the whole workforce (in other words, nothing would prevent social partners agreeing higher minima for specific sectors, etc). 3. The definition of target levels. A final important aspect in which current proposals differ is in how the target levels should be defined. The most frequently mentioned is a proportion of median or average wages, normally 50 or 60% (for instance, the EU Parliament has mentioned a level of 60% of the median; ETUC 50% of the average or 60% of the median; Schulten 60% of the median, etc., refs.). Other proposals anchor the target to GDP per capita (o per worker) rather than to wages (for instance, the proposal by Rasmussen and Delors 2006).

### Solvency

#### Harmonised minimum wage regulation good for the economy—stops a race to the bottom by creating a lower limit on the market.

#### SCHULTEN AND WATT 07 [Thorsten Schulten (Senior Researcher, Wirtschafts- und Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation) and Andrew Watt (Senior Researcher, European Trade Union Institute for Research, Education and Health and Safety.), “European minimum wage policy – a concrete project for a social Europe”, European Economy and Employment Policy Brief No. 2, 2007, DDA]

Along with most other elements of labour market and industrial relations regulation, minimum wages in the European countries were established in the wake of struggles and compromises that occurred, in a historical process, at the national level. Some aspects of such regulatory frameworks have more recently been subject to more or less ‘intrusive’ regulation from the European level. National working time regimes, for instance, have to fit under the – rather broad, but legally binding – framework established by the Working Time Directive. Other areas, such as employment and labour market policy issues, have been declared matters of ‘common interest’ and subject to a much more informal system of target-setting, benchmarking, peer reviewing and the issuing of non-binding policy recommendations, known as the Open Method of Coordination. As we have seen, the setting (or not) of statutory minimum wages remains a national matter in Europe to this day. This begs the question as to the possible role of the European level in this area. What justifications are there for European involvement and what form might it take? Let us first consider more ‘economic’, subsequently more ‘political’ arguments. In general terms regulation has tended to be at the level of the nation state because, historically, that was also the main boundary of the market, certainly for labour and to a considerable extent also for goods. Economic integration since the establishment of the EEC in 1957 has led to an increasing need to regulate at the new ‘boundary of the market’, i.e. the European level, both to facilitate the movement of factors of production within the market and also to prevent factor mobility from undermining national regulation. The former concerns issues such as the cross-border transferability of pension rights. The latter is the ‘race-to- the-bottom argument that regulatory competition between – primarily – member states to attract mobile factors of production (capital, highly skilled workers) will restrict the ability of government to impose conditions and standards in social (but also environmental) matters, unleashing a downward spiral in which all countries end up with less regulation than they want or is optimal: the steady decline in corporate tax rates in Europe is a prominent example of this. This would justify the imposition of, at most, harmonised regulations and, at least, minimum European standards that put a ‘floor’ in the market in question. Does this logic apply to the minimum wage? Yes, at least to a limited extent. There is a single European labour market, and the principle of the free movement of labour applies, even if transitional arrangements are currently in place between some ‘old’ and ‘new’ member states, and the extent of actual migration is still quantitatively limited. Such migration is expected to increase, however. Specifically, various legal cases – among them most prominently the Swedish Vaxholm case (Woolfson and Sommers 2006) – have arisen in which there is a dispute about whether the pay and other conditions in the country of origin or the country in which the work is performed should apply. More generally, countries, particularly those in the common currency area, facing unemployment but lacking the means to create additional demand using monetary or fiscal policy, have an incentive to depress wage increases below the rate of productivity growth (i.e. engage in real currency depreciation). One way for a country to do this can be to put a brake on the rate of increase of the national minimum wage, and/or to introduce policies that put pressures on unions and workers at the ‘bottom’ of the labour market, thus affecting the entire national wage structure. Clearly such a strategy cannot be desirable from a European perspective; economically it is at best a zero-sum game. This is quite apart from its negative social impact. European coordination of national minimum wages around an agreed norm would be one way to avoid a potential ‘race to the bottom’ or beggar-thy-neighbour approach in this area. And indeed there is evidence that national minimum wage systems are coming under competitive pressure. Historical data on minimum wages are somewhat patchy. Available Eurostat and OECD data suggest that statutory minimum wages have in recent years broadly kept pace with general wage trends (in relation to the median wage, for example). However, calculations by Husson based on OECD data clearly show a steady, longer term and cumulatively substantial erosion in the relative value of the minimum wage (Husson 2006: 22). While further research is clearly necessary, the more recent broadly steady ratio of the minimum to the median wage is probably best interpreted as a stabilisation, which may well prove temporary, after a serious decline. In some countries (US, UK) recent increases in the minimum wage are clearly a political reaction to widespread concern and indeed anger about the widening gap between the lowest- paid and those on average earnings, not to mention the de-linking of those on the highest salaries (including stock options etc.) from the bulk of the workforce. In the light of the above, a case can be made for economic and also, of course, social reasons, for the European level to impose at least some constraints on national policy- makers (governments and/or ‘social partners’) in widening wage differentials by lowering minimum wages (with respect to national average wages). All in all it seems that the national minimum wage could usefully be considered – in economic terms – a matter of ‘common concern’ at EU level, thus justifying at least OMC-based coordination via the setting of targets and monitoring by the Commission, while leaving implementation and instrument choice to member states, and taking due regard of national differences in overall income levels, etc. On top of this come strong political arguments for coordination at the European level. A European minimum wage can be seen as a political quid pro quo for public (or trade union) acceptance of open markets, the free movement of labour and economic integration more generally, which, whatever their aggregate benefits, do hit specific groups of workers, and typically the low-skilled and low-paid. Like the proposed Globalisation Adjustment Fund (Watt/Kemekliene 2006), a European minimum wage framework can be sold as a sign of European solidarity with those struggling to cope with the pressures of globalisation and Europeanisation. More ambitiously it can serve as a visible expression of a ‘European idea’ of social and economic cohesion and convergence, and a building block as part of a larger edifice of a ‘social Europe’. Such arguments undoubtedly underpin the proposals made by Delors, Juncker and others mentioned earlier.

### Contention 1- Europe Economy

#### The euro is on the verge of collapsing due to deflation and that leads to a global Great Depression.

#### THE ECONOMIST 10/25

[The Economist, “The world’s biggest economic problem” October 25, 2014.]

THE world economy is not in good shape. The news from America and Britain has been reasonably positive, but Japan’s economy is struggling and China’s growth is now slower than at any time since 2009. Unpredictable dangers abound, particularly from the Ebola epidemic, which has killed thousands in West Africa and jangled nerves far beyond. But the biggest economic threat, by far, comes from continental Europe. Now that German growth has stumbled, the euro area is on the verge of tipping into its third recession in six years. Its leaders have squandered two years of respite, granted by the pledge of Mario Draghi, the European Central Bank’s president, to do “whatever it takes” to save the single currency. The French and the Italians have dodged structural reforms, while the Germans have insisted on too much austerity. Prices are falling in eight European countries. The zone’s overall inflation rate has slipped to 0.3% and may well go into outright decline next year. A region that makes up almost a fifth of world output is marching towards stagnation and deflation. Optimists, both inside and outside Europe, often cite the example of Japan. It fell into deflation in the late-1990s, with unpleasant but not apocalyptic consequences for both itself and the world economy. But the euro zone poses far greater risks. Unlike Japan, the euro zone is not an isolated case: from China to America inflation is worryingly low, and slipping. And, unlike Japan, which has a homogenous, stoic society, the euro area cannot hang together through years of economic sclerosis and falling prices. As debt burdens soar from Italy to Greece, investors will take fright, populist politicians will gain ground, and—sooner rather than later—the euro will collapse. This parrot has ceased to be Although many Europeans, especially the Germans, have been brought up to fear inflation, deflation can be still more savage (see article). If people and firms expect prices to fall, they stop spending, and as demand sinks, loan defaults rise. That was what happened in the Great Depression, with especially dire consequences in Germany in the early 1930s. So it is worrying that, of the 46 countries whose central banks target inflation, 30 are below their target. Some price falls are welcome. Tumbling oil prices, in particular, have given consumers’ incomes a boost (see article). But slowing prices and stagnant wages owe more to weak demand in the economy and roughly 45m workers are jobless in the rich OECD countries. Investors are starting to expect lower inflation even in economies, such as America’s, that are growing at reasonable rates. Worse, short-term interest rates are close to zero in many economies, so central banks cannot cut them to boost spending. The only ammunition comes from quantitative easing and other forms of printing money.

#### a) deflation- Plan boosts overall income equality and demand in the EU economy. A harmonized minimum wage policy is key to stop deflation and European economic stagnation.

#### SCHULTEN 3 [Thorsten Schulten (Senior Researcher, Wirtschafts- und Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), “Contours of a European Minimum Wage Policy”, Friedrich Ebert Stiftung, October 14, DDA]

More recent international empirical research on minimum wages, however, overwhelmingly takes the view that there are no negative effects of the labour market from existing minimum wage regimes (for a summary see Schmitt 2012; Bosch and Weinkopf 2014). Against this background an alternative theoretical approach to minimum wages based on Keynesian economics focuses on the influence of the minimum wage on general wage development and thus the development of aggregate demand (Herr et al. 2009; European Commission 2012). The macroeconomic significance of the minimum wage can vary considerably within the framework of the specific national minimum wage regime (see Section 2.2). In many European countries, however, the development of the minimum wage not only influences wages in the lower wage segment, but also forms an important benchmark for wage development as a whole. The higher the relative value of the minimum wage the more the wage structure of the economy can be compressed from below and the lower the wage differentiation between different groups of employees. A more egalitarian wage structure, however, boosts aggregate demand because the propensity to consume of low wage earners is much greater; that is, they spend a much higher proportion of their income and save less. Against the background of high unemployment, wage development in Europe since the outbreak of the crisis in 2009 has been characterised in many countries by persistent real-wage losses (Schulten 2013). These losses have contributed substantially to the collapse of aggregate demand and thus have exacerbated economic stagnation in these countries. EU crisis policy has been a decisive factor in triggering a downward spiral in wage policy that has encouraged strong deflationary tendencies and now has even brought a European deflation crisis into the realm of possibility (Bernoth et al. 2014). On top of all that, Europe overall continues to be characterised by stark economic imbalances between (current account) deficit- and surplus countries, reductions in which have to date not been discernible, in particular with regard to the surplus countries (notably Germany). A European minimum wage policy could constitute a substantial starting point for closer coordination of wage policy in Europe, which first and foremost as a kind of European deflation brake could prevent further falls in real wages and also stabilise aggregate demand. Furthermore, especially in the surplus countries a sharper increase in minimum wages could boost the dynamics of the domestic economy and thus help to reduce economic imbalances in Europe (OFCE et al. 2013; Brischoux et al. 2014).

#### Minimum wage leads to inflation—helps Europe get out of the current crisis.

#### SORIANO AND MACIAS 2 [Enrique Fernández-Macías (credentials) and Carlos Vacas-Soriano (credentials), “A Coordinated EU Minimum Wage Policy?”, Dublin: European Foundation for the Improvement of Living and Working Conditions. Cornell University Industrial and Labor Relations School, October 2013, DDA]

Minimum wages may as well have an effect on inflation, since companies employing minimum wage workers may adjust its prices upwards following a minimum wage hike. The effect would not be across the board, but would concentrate on the industries that employ minimum wage workers, and hence would alter the price structure in ways which are difficult to predict. And indirectly, it may end up having cascading effects on other industries, even in those not directly employing low-paid workers, since the input of certain industries is the output of others. To what extent this would be a problem is open to interpretation and depends as well on the general economic conditions: some have argued that in a context of crisis such as the current one, minimum wages can be used as a tool against deflation (Herr and Kazandziska 2011).

#### b) competitiveness- Plan boosts EU economic competitiveness— it affects unit labor costs and increases productivity.

#### SORIANO AND MACIAS 3 [Enrique Fernández-Macías (credentials) and Carlos Vacas-Soriano (credentials), “A Coordinated EU Minimum Wage Policy?”, Dublin: European Foundation for the Improvement of Living and Working Conditions. Cornell University Industrial and Labor Relations School, October 2013, DDA]

In the current economic situation, European policy places a strong focus on the relationship between national wage developments and international competitiveness, as underpinned in the recent Euro Plus Pact.9 Within one of the four objectives of the initiative, that of fostering competitiveness, a strong emphasis is placed on the idea that wages should evolve in line with productivity to keep unit labour costs stable. If unit labour costs, equivalent to the ratio between labour costs per hour and labour productivity (output per hour), undergo large increases, competitiveness may be damaged.10 It could be argued that if a country decides to increase its minimum wage, without any corresponding increase in productivity, the costs faced by national companies will increase and they will become less competitive vis-à-vis competitors from other countries. This effect will be larger in labour intensive industries, where labour costs represent a higher share of the total costs faced by firms. There are a number of potential objections to the previous argument. First, increases in minimum wages tend to foster increases in productivity (Rizov and Croucher 2011; McLoughlin 2007), so that the final result in terms of unit labour costs and therefore competitiveness may even be positive. After all, it is empirically the case that the most competitive European economies tend to have higher, rather than lower minimum wage levels (ie, Nordic countries). Second, low-paid employees are not typically concentrated in trade-intensive industries such as manufacturing, but in non-traded sectors such as services, especially personal services (Dolado et al. 1996). This means that an increase in minimum wages will have a limited impact on internationally competitive industries, since moderate wages are rarely the key factor behind international competitiveness, at least in Europe.11 Furthermore, competitiveness is influenced both by price factors (wages and productivity, which together explain unit labour costs, but as well exchange rates and inflation) and non-price factors (such as product quality and design, marketing and consumer after-sales service). Wages, or even unit labour costs, are just one element among many, and many researchers have warned against taking unit labour costs as a comprehensive measure of competitiveness (Ark et al. 2005). This means that an increase in minimum wages will have a limited impact on internationally competitive industries, since moderate wages are rarely the key factor behind international competitiveness, at least in Europe.11 Furthermore, competitiveness is influenced both by price factors (wages and productivity, which together explain unit labour costs, but as well exchange rates and inflation) and non-price factors (such as product quality and design, marketing and consumer after-sales service). Wages, or even unit labour costs, are just one element among many, and many researchers have warned against taking unit labour costs as a comprehensive measure of competitiveness (Ark et al. 2005).

#### c) poverty- plan greatly reduces poverty

#### SCHULTEN 4 [Thorsten Schulten (Senior Researcher, Wirtschafts- und Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), “Contours of a European Minimum Wage Policy”, Friedrich Ebert Stiftung, October 14, DDA]

The effects of a possible European minimum wage policy are only hypothetical, especially because they would be directly related to the specific European minimum wage norm actually chosen. The only study available to date was produced by the European Foundation for the Improvement of Living and Working Conditions (Euro- found), which attempted to evaluate the consequences of a European minimum wage policy (Aumayr-Pintar et al. 2014: 82ff). The study assumes the introduction of a hypothetical minimum wage norm of 60 per cent of the median wage, which in most European countries is substantially above the existing relative minimum wage level (Section 3.2). According to the Eurofound study in 2010 in the EU as a whole 16 percent of all employees would have benefited from the introduction of such a European minimum wage norm (Figure 5). In absolute figures this represents more than 28 million workers.7 The consequences for individual EU member states exhibit major differences that reflect the size of national low wage sectors. The largest groups of workers who would have benefited from a European minimum wage policy were in Germany and Lithuania, each with 24 per cent, while in Finland and Sweden only 7 per cent of workers would have done so.

#### Empirical analysis proves the plan greatly reduces poverty

#### SORIANO AND MACIAS 4 [Enrique Fernández-Macías (credentials) and Carlos Vacas-Soriano (credentials), “A Coordinated EU Minimum Wage Policy?”, Dublin: European Foundation for the Improvement of Living and Working Conditions. Cornell University Industrial and Labor Relations School, October 2013, DDA]

As we said earlier (see section 1 of this report), the main justification for minimum wages is not the reduction of poverty, but the establishment of minimum labour standards under which no employment relation is considered socially acceptable. But that said, there seems to be at least a potential link between minimum wages and poverty, at least in-work poverty, since an increase in the lower earnings threshold should have an impact on the distribution of earnings at the bottom, and hence benefit those with insufficient earnings to make ends meet. Would the coordination of EUMW policy under the hypothetical parameters that we are evaluating in this report (ie, a common threshold of 60% of median wages) have an impact on poverty in Europe? To evaluate this issue, we have to change slightly the focus we have had throughout this report. All the analysis so far has focused on individual workers, but the issue of poverty is not only linked to the individual distribution of earnings, but to the household distribution of income as well; and it not only concerns workers, but the population in general. In this section, we will first keep an individual work-centered approach to evaluate to what an extent the hypothetical EUMW policy may help the European working poor. Second, we will look at the household distribution of income and poverty for the whole population, and evaluate to what an extent it may be affected by the hypothetical policy. As a first approximation, figure 20 shows the share of workers currently below the hypothetical EUMW threshold (60% of the median wage in each country) that are also below the poverty line at the household level.61 In other words, whether the workers that would in principle benefit from the hypothetical EUMW threshold live in poor households. On the one hand, this chart clearly shows that most EUMW workers do not live in relative poverty: on average, only one in five across the EU are below the poverty line –and consequently, 80% of the workers that would benefit from the EU threshold are currently above the poverty line. As could be expected, this magnitude varies considerably across EU countries, going from around 30% in Italy, Luxembourg and Bulgaria to less than 10% in Ireland: but everywhere, the vast majority of workers below the hypothetical EUMW threshold live in households above the poverty line. But on the other hand, if we compare workers below and above the EUMW threshold (also shown in figure 20, with grey bars), we can immediately see that the incidence of poverty for workers below the EUMW threshold is notably higher than for workers above the threshold. For the EU as a whole, less than 4% of workers above the EUMW threshold live in relative poverty, compared to 20% of those below: in other words, the incidence of poverty multiplies by five for workers below the [minimum wage] threshold. A similar pattern can be seen in all EU countries, with no exception. So although most of the workers below the EUMW threshold do not live in poor households, there is a clear association between poverty and having a wage below our hypothetical threshold. The reason for such pattern lies in the fact that within the EU, in-work poverty is a relatively small phenomenon. Figure 21 shows the overall incidence of in-work poverty at the individual level: in other words, how many workers in each country live in relative poverty. On average, for the EU as a whole, such percentage is barely 6%, according to the 2010 EU-SILC data we are using, ranging from around 10% in Lithuania and Luxembourg to less than 3% in Ireland, Czech Republic and Finland. Figure 21 shows also the share of those workers who are below the EUMW threshold of 60% of the median national wage (the black section of the bars), and as we can see, it is a very sizeable one. For the EU as a whole, more than 50% of all the working poor fall below the hypothetical EUMW threshold. At the country level, such percentage varies between 71% for Luxembourg and 25% in Portugal, but only in 3 countries it is below 40% (Portugal, Greece and the Czech Republic). If the establishment of a hypothetical EUMW of 60% of the median would raise the earnings of those people, we can say that it would raise the earnings of a majority of the working poor in most countries.

#### Economic collapse causes competition for resources and instability that triggers hotspots around the globe – co-opts all other causes of war

#### HARRIS AND BURROWS 9

Mathew, PhD European History @ Cambridge, counselor in the National Intelligence Council (NIC) and Jennifer is a member of the NIC’s Long Range Analysis Unit “Revisiting the Future: Geopolitical Effects of the Financial Crisis” <http://www.ciaonet.org/journals/twq/v32i2/f_0016178_13952.pdf> Increased Potential for Global Conflict

Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample Revisiting the Future opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier. In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups\_inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks\_and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn. The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions. It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises. 36 Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world.

### Contention 2- Social Exclusion

#### Horrific social exclusion is created through cycles of poverty that create barriers to democratic participation for the poor and undermine democratic legitimacy.

#### HANCOCK 14 [Mike Hancock, British member of Parliament Committee Report on Social Affairs, Health, and Sustainable Development for the Council of Europe, “Social exclusion – a danger for Europe’s democracies”, Parliamentary Assembly, October 27, 2014, DDA]

5. Social exclusion is strongly linked to poverty, but not all people who are socially excluded are poor and not all people who are poor are socially excluded. Thus, members of certain societal groups – for example, minorities, migrants or the disabled – may be excluded to some extent from full participation in society (and its democratic and governance expressions) for non-material reasons linked rather to discrimination, xenophobia, intolerance or legal status. At the same time, some poor people manage to overcome material obstacles to participation in society – education is often key. However, it is obvious that in most cases the deeper the poverty, and the wider the chasm between the poor and the rest of society, the stronger the social exclusion. 6. There are enough definitions of social exclusion to fill meters of shelf-space. Common to all of them is the emphasis on social exclusion as a dynamic, multidimensional concept which takes into account cumulative and enduring disadvantage, a sort of dissociation from mainstream society – in contrast to the more static (but sometimes more easily measurable) concepts of poverty and deprivation.5 The most recent definition used by the Council of Europe6 is the following: “Social exclusion is a process whereby certain individuals are pushed to the edge of society and are prevented from participating fully by virtue of their poverty, or lack of basic competencies and lifelong learning opportunities, or as a result of discrimination. This distances them from job, income and educational opportunities, as well as social and community networks and activities. They have little access to power and decision-making bodies and thus often feel powerless and unable to take control over decisions that affect their day-to-day lives.”7

#### Poverty kills democratic legitimacy.

#### HANCOCK 14 [Mike Hancock, British member of Parliament Committee Report on Social Affairs, Health, and Sustainable Development for the Council of Europe, “Social exclusion – a danger for Europe’s democracies”, Parliamentary Assembly, October 27, 2014, DDA]

2.2. Consequences of social exclusion on democratic life 9. Social exclusion is not simply a “social phenomenon”: there is a strong correlation between social exclusion on the one hand, and the low level of democratic participation and the calling into question of the legitimacy of democratic institutions on the other. Social exclusion can have effects not only on access to socio- economic rights (from the right to work to access to benefits), but also on civil rights (such as the right to justice or the freedom of expression) and political rights (participating in the exercise of political power). 10. In my view, the core problem which social exclusion creates for people regarding democratic life is the lack of self-determined, political participation as a stakeholder in the democratic process. This political participation is not limited to turning out to vote in elections every few years; it is not even limited to formal political participation such as membership of political parties. Membership of trade unions, participation in non- governmental organisations (NGOs) and other expressions of civil society down to neighbourhood help and grass-roots initiatives can also be effective indicators of participation in democratic life.12 11. The [UK] United Kingdom Electoral Commission published a most interesting report in November 2005 on social exclusion and political engagement, the conclusions of which certainly remain largely valid. The report, based on research and discussion papers from several sources, suggests that political disengagement and social exclusion consolidate and drive each other, with social instability and insecurity generating a lack of faith in politics and the ensuing political disengagement breaking social and societal bonds even further. 12. Several sub-problems were identified: one is “ghettos” of social exclusion. This is illustrated by another researcher, Anne Power: “Being poor in an area with many poor people and poor conditions generates a gradual loss of confidence in ‘the system’. In the largest poverty cluster in Newcastle for example, only one in ten people vote.”13 13. Secondly, there is a rising disaffection among young people. Young people were found to be the least likely to turn out and vote and to be the most likely to claim that they felt powerless in the electoral process [at the 2001 general election].14 The situation has probably worsened since, as was also underlined by the Assembly in its Resolution 1885 (2012) “The young generation sacrificed: social, economic and political implications of the financial crisis”. 14. Thirdly, a lack of political engagement could be observed amongst minority communities, in particular of migrant origin. The United Kingdom Electoral Commission’s first “Audit of political engagement” found, for example, that only a quarter (23%) of those from BME communities [Black and Minority Ethnic] said they had discussed politics or political news with someone else in the last two to three years, compared to almost two in five (39%) of white people.15 15. Fourthly, gender plays a role in political participation. Overall, political interest is often found to be higher among men than women, with women generally found to be significantly less politically active than men, even though they are more likely than men to participate in “cause-oriented” actions such as signing petitions and boycotting or buying products for ethical reasons.16 16. Finally, experts in other contexts argue that political exclusion also involves the notion that the State, which grants basic rights and civil liberties, may not be a neutral agency and may thus discriminate between social groups. As such, political exclusion can include the denial of citizenship rights such as political participation and the right to organise, and also of personal security, the rule of law, freedom of expression and equality of opportunity.17 This shows how different forms of exclusion may be linked and how political influence may be determined by belonging to a certain social strata, and it illustrates the great responsibility of the State. These phenomena are certainly to be observed to a greater or lesser degree in all Council of Europe member States. 17. Similar problems to those identified in the United Kingdom have been reported from other countries more recently. German experts observing the link between social exclusion and democracy confirm that persons having lower education and income levels participate less in political processes, and that the gap between the poor and the rich has even increased in recent decades.18 The problem is evidently self-reinforcing because the less socially disadvantaged people articulate their needs or participate in votes, the fewer will be those political representatives (in our parliaments for example) who defend their interests. This trend may, in the long term, even pose a problem of legitimacy of elected officials. Those who retract from political processes will be increasingly frustrated by decisions taken by “those above” and become less and less confident in their elected representatives and political institutions.19

#### Democracy Solves war

Russett 12 (Bruce, Yale University Professor of Political Science, and Allan Dafoe, professor of political science at Yale and Uppsala University in Sweeden, *Assessing the* Capitalist Peace, 12/12/12, “Does Capitalism Account for the Democratic Peace? The Evidence Still Says No,” http://books.google.com/books?hl=en&lr=&id=bbWMAQAAQBAJ&oi=fnd&pg=PA110&dq=democratic+peace+theory+war&ots=QNqoUqZMJI&sig=4-Cb5JHFufTHonLQEHrHAtlot0w#v=onepage&q=democratic%20peace%20theory%20war&f=false)

The democratic peace—the empirical association between democracy and peace—is an extremely robust ﬁnding. More generally, many liberal factors are associated with peace and many explanations have been offered for these associations, including the effects of: liberal norms, democratic signaling, credible commitments, the free press, economic interdependence, declining beneﬁts of conquest, signaling via capital markets, constraints on the state, constraints on leaders, and others. Scholars are still mapping the contours of the liberal peace, and we remain a long way from fully understanding the respective inﬂuence of these different candidate causal mechanisms. All this being said, the robustness of the democratic peace, as one interrelated empirical aspect of the liberal peace, is impressive. The democratic peace has been interrogated for over two decades and no one has been able to identify an alternative factor that accounts for it in cross- national statistical analyses. Democracy in any two countries (joint democracy) has been shown to be robustly negatively associated with militarized interstate disputes (MIDS), fatal MIDS, crises, escalation, and wars. The democratic peace is for good reason widely cited and regarded as one of the most productive research programs.

### Contention 3- European Social Model

### More Framing

Neg must concede to the aff standard if the standard is maximizing expected well

### Comparative Worlds

#### My burden is to prove that a post-fiat policy option would be more desirable than a competitive post-fiat neg policy option that they advocate. The resolution is a question of comparing worlds; the resolution is a statement that divides ground between the aff and neg worlds, not the object of evaluation.

#### NELSON 08

Nelson, Adam F. 2008. Towards A Comprehensive Theory of Lincoln-Douglas Debate.

And the truth-statement model of the resolution imposes an absolute burden of proof on the affirmative: if the resolution is a truth-claim, and the affirmative has the burden of proving that claim, in so far as intuitively we tend to disbelieve truth-claims until we are persuaded otherwise, the affirmative has the burden to prove that statement absolutely true. Indeed, one of the most common theory arguments in LD is conditionality, which argues it is inappropriate for the affirmative to claim only proving the truth of part of the resolution is sufficient to earn the ballot. Such a model of the resolution also gives the negative access to a range of strategies that many students, coaches, and judges find ridiculous or even irrelevant to evaluation of the resolution. If the negative need only prevent the affirmative from proving the truth of the resolution**,** it is logically sufficient to negate to deny our ability to make truth-statements or to prove normative morality does not exist or to deny the reliability of human senses or reason. Yet, even though most coaches appear to endorse the truth-statement model of the resolution, they complain about the use of such negative strategies, even though they are a necessary consequence of that model. And, moreover, such strategies seem fundamentally unfair, as they provide the negative with functionally infinite ground, as there are a nearly infinitevariety of such skeptical objections to normative claims**,** while continuing to bind the affirmative to a much smaller range of options: advocacy of the resolution as a whole.

#### a) Other paradigms explode the neg ground questioning assumptions from the aff which isn’t predictable because there are infinite assumptions.

moots 1ac

## 1AR

### AT- Bargaining CP

#### AT: Bargaining CP- No solvency- squo proves

#### SCHULTEN et al. 05 [Thorsten Schulten, Claus Schäfer, Reinhard Bispinck Wirtschaftsund Sozialwissenschaftliches Institut (WSI) in der Hans-Böckler-Stiftung, Germany, Andreas Rieger, Beat Ringger, Hans Baumann Denknetz (Non-partisan Swiss think tank), Switzerland Michel Husson, Antoine Math Institut de Recherches Economiques et Sociales (IRES), France, “Theses for a European minimum wage policy”, Source- Minimum wages in Europe, pp. 375, DDA]

For more than two decades, Europe is faced by a policy of market liberalisation and deregulation of employment and social legislation. As a result, wages have been systematically put under pressure. In many European countries, mass unemployment has also weakened the power of trade unions to protect workers and participate in shaping terms and conditions of employment. An ever-growing number of companies are taking advantage of the fact that the balance of power and negotiating positions shifting in their favour. Workers and their trade union representation are often being blackmailed into choosing either to agree to far-reaching concessions or risk losing their jobs. At the same time, against a background of the free movement of people, cross-border European labour markets are develop- ing in a growing number of sectors which are undermining existing standards of pay and employment. There is a threat that this trend will gather pace in future as a result of the planned European Services Directive.

#### OMC implementation means any combination of statutory wages and collective bargaining will be viable under the plan.

#### SCHULTEN et al. 05 [Thorsten Schulten, Claus Schäfer, Reinhard Bispinck Wirtschaftsund Sozialwissenschaftliches Institut (WSI) in der Hans-Böckler-Stiftung, Germany, Andreas Rieger, Beat Ringger, Hans Baumann Denknetz (Non-partisan Swiss think tank), Switzerland Michel Husson, Antoine Math Institut de Recherches Economiques et Sociales (IRES), France, “Theses for a European minimum wage policy”, Source- Minimum wages in Europe, pp. 375, DDA]

In similar fashion to the approach employed in other policy areas, a European minimum wage policy could operate according to the ‘open method of coordination’. Accordingly, specific concrete objectives and timetables for implementation would need to be agreed at European level which would then be implemented in individual countries via the existing local institutions and procedures. Depending on national tradition and practice, statutory minimum wages, collective agreements declared generally applicable or combinations of both systems can be applied. Responsibility would then reside at European level for the task of supervising implementation at national level and, by closely monitoring national minimum wage policies, helping to disseminate ‘good national practices’. These practices also include improving the statistical database on European trends in low wages.

### AT- Competitiveness DA

#### AT- Competitiveness DA: No empirical decrease in competitiveness or exports linked to higher minimum wages.

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

An argument that is sometimes raised against minimum wage policy is that it can have a negative impact on international competitiveness and trade, because it involves an increase in unit labour costs (in other words, to the extent that the increase in pay is not compensated for by an increase in productivity of a similar magnitude). This is a very difficult issue to study empirically, because there is no data on international competitiveness and trade at the company level that could be used to evaluate the impact of the hypothesised change in the wage distribution.

What can be done, though, is a rough approximation by linking data from the SES 2010 with external data on international trade, by country and 2‐digit NACE sectors. In other words, it is possible to see whether the sectors (within each country) that are more export‐oriented have a larger or smaller proportion of workers below the HMW threshold, by way of a rough evaluation of the potential impact of this type of policy on trade.

The external data on trade used here comes from the World Input–Output Database, and refer to the proportion of exports to total value added in each specific sector and country.65, 66 Table 8 shows for – the EU as a whole – the distribution of employment according to the share of exports to value added, breaking it down by broad economic sectors.

As can be seen, two‐thirds of employment is in sectors that are either non‐tradable or where exports account for less than 10% of overall value added. These sectors are mostly in less knowledge‐intensive services (LKIS), education and health. The next category, with a proportion of trade in value added of between 10% and 50%, accounts for 12% of employment – mostly in knowledge‐intensive services (KIS) and low‐technology industries (LTI). The two categories where exports account for a larger share of value added (more than 50%) account for roughly 20% of employment, and are mostly linked to high‐technology industries (HTI) and LTI, and marginally to KIS.67

Table 9 shows the proportion of workers below the HMW threshold for the same categories of trade share in value added and broad sectors. There is a clear relationship between the export intensity of the sector and the proportion of such HMW workers. Overall, the impact of the policy would be twice as great in the non‐traded as in the highly traded sectors; within each sector, the most traded sub‐sectors have a consistently smaller proportion of workers below the HMW threshold. For instance, overall, 11% of workers in LTI are below the HMW threshold (which is slightly above the average), but the proportion is much larger in those subsectors with a lower trade intensity. The LTI subsectors where trade intensity in value added is below 50% (which account for roughly one third of all LTI employment) have on average 20% of employment below the HMW threshold. This compares with 13% for those LTI subsectors in which trade accounts for between 50% and 100% of value added and only 7% for the LTI subsectors in which exports are above 100% of value added. In the most export‐oriented subsectors of HTI and KIS, by contrast, only between 2% and 5% of workers are below the HMW threshold.

Figure 26 shows the proportion of workers in the most export‐oriented sectors (where trade accounts for more than 50% of value added) who would be affected by the HMW policy. As can be seen, only in Latvia would more than 20% of workers be affected. The equivalent figure is 15% in Lithuania, 13% in Poland, and 12% in Ireland and Hungary. In all other countries, fewer than one employee in 10 in these sectors would be affected (less than 1 in 20 in Italy, Portugal, Spain, France, Luxembourg, Sweden and Finland).

So with very few exceptions, it seems very unlikely that an HMW policy setting a threshold of 60% of the national median wage would have any impact of significance on exports and international competitiveness.

Of course, this is only a rough approximation and not based on a precise measure of trade intensity. Nor does it take into account, for instance, possible spillover effects or other indirect effects, which could change the picture significantly. Still, there are reasons to believe that the results presented in this short section may have even overestimated the potential impact of the HMW on exports and trade. The SES had to be used for this exercise because EU‐SILC does not include the necessary detail in the sector variable. However, as has been repeatedly stated, SES has the significant limitation of not including companies with fewer than 10 employees, a bias that is particularly significant in this case because the vast majority of these companies are probably not export oriented and (as shown in previous sections) have a much larger proportion of workers below the HMW threshold.

Secondly, the fact that the HMW would involve a simultaneous increase in the minimum wage towards the threshold in most European countries could reduce significantly the potential impact on competitiveness at the country level, since most international trade of Member States is intra‐EU trade. If the wage structure of the most important competitors increases similarly, their relative competitiveness would remain unchanged.

### AT- Cap K

#### Plan key to legitimacy of European Social Model.

#### ECPESS 14 [European Community Programme for Employment and Social Solidarity, This publication is commissioned by the European Community Programme for Employment and Social Solidarity (2007-2013). This programme is implemented by the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment, social affairs and equal opportunities area, and thereby contribute to the achievement of the EU2020 goals in these fields, “ Key policy messages from the Peer Review on the ‘Introduction and implementation of the National Minimum Wage’”, European Commission, May 2014, DDA]

Eurofound, in a recent report (2014), describes the [minimum wage] MW as “...a cornerstone of the ‘European Social Model’” (p. 5), and emphasises the importance of a MW in social policy. Through the MW, issues such as wage in-equalities and in-work poverty can be addressed; incentivising people outside employment to work is also an important aspect of raising labour supply. As stressed during discussions in the Peer Review, there are however limits to the scope of a NMW; a NMW may be one tool to solve wage-inequalities and in-work poverty, but it has to go hand-in-hand with other policy tools to reach the full effect.

#### European Social Model promotes a social economy in Europe.

#### EESC 12 [European Economic and Social Committee (division of the EU), “THE SOCIAL ECONOMY IN THE EUROPEAN UNION”, 2012, DDA]

This role of the social economy is fully convergent with the European Social Model. Historically, this model has been characterised by its aim of guaranteeing high levels of welfare and social, economic and political integration for all Europeans through both public and private mechanisms. It is a concern that continues to feature on the agenda of the enlarged EU, as shown by the Strategy for Social Cohesion, approved by the Council of Europe Committee of Ministers in 2000 and revised in 2004. It defines social cohesion as the capacity of society to ensure the welfare of all its members, minimising disparities and avoiding polarisation. It distinguishes four dimensions of welfare: equity in access; dignity and recognition; freedom and personal development; and participation and involvement. The social economy helps to make social cohesion a competitive factor.

#### tag

The origins of Social Europe

In the wake of the Second World War, European leaders looked for a framework through which to heal the conflicts between nations that have characterised the history of this continent. From six founding countries, the European Union has grown into 27 Member States with a unique system for decision-making and cooperation.

The Treaty establishing the European Community

(TEC) set down fundamental social objectives:

- promotion of employment, improved living and working conditions ... proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion.

The EU Charter of Fundamental Rights

includes chapters on freedoms, equality and solidarity, articulating rights to fair and just working conditions, social security and social assistance, equality between men and women, and trade union rights such as collective bargaining and strike action, among others.

The EU has brought not only a half century of peace but also economic and social progress. The central, underlying principle is one of solidarity and cohesion: that economic growth must serve to boost overall social wellbeing, and not take place at the expense of any section of society.

Ireland, for example - formerly one of the poorest countries in Europe - has benefited from EU support to become a dynamic and successful economy, even though it has failed to pass on this prosperity to all its citizens. Similar growth expansion is now visible in some of the newer EU Member States in eastern Europe. Sustainable economic and social development also implies respect for the environment, and the wise use of natural resources.

Characteristics of the European Social Model

Social Europe's overarching objective must be to create a more equal society: ending poverty and poverty wages, guaranteeing fundamental human rights, essential services and an income that enables every individual to live in dignity.

The ETUC has identified five main elements:

- fundamental social rights

, including freedom of association, the right to strike, protection against unjustified dismissal, fair working conditions, equality and non-discrimination;

- social protection

, delivered through highly developed universal systems, and wealth redistribution measures such as minimum income or progressive taxation;

- social dialogue

, with the right to conclude collective agreements, to workers' representation and consultation, and national and European Works Councils;

- social and employment regulation, covering, for example, health and safety, limits on working time, holidays, job protection and equal opportunities;

- state responsibility for full employment

, for providing services of general interest

, and for economic and social cohesion.

Why is the Social Model under attack?

Globalisation is intensifying competition for markets around the world. At the same time, in recent years, EU growth rates have not lived up to expectations. This has brought claims that in a more competitive environment, Europe can no longer afford the 'luxury' of strong welfare measures. The EU must cut spending on social protection and ease regulation for business if it is to compete with developing economies like China and India, it is argued.

The ETUC, in response, has warned EU leaders against imposing economic reform at the expense of workers' rights and living conditions. Fears that the European Social Model was under threat helped raise public suspicion of the EU, leading up to the rejection of the European Constitution in France and the Netherlands in 2005.

One social model or several?

Much debate in academic and political circles has focused on whether it is possible to talk of a single European Social Model, or whether there are actually five different models, offering divergent approaches, for example, to job security and social welfare.

The ETUC believes that while there may be some variations in implementation, common core values and principles underlie Europe's evolution. The EU is built on the principle of social partnership: a compromise between different interests in society to the benefit of all.

In adopting the social acquis

- the body of European social policy legislation - all 25 EU Member States sign up to the same framework of rules. This is crucial for progress towards further European integration. The EU is aiming to achieve higher growth and prosperity through a single internal market for goods and services, but in this case it must also recognise the emergence of a single labour market, requiring regulation to establish a level playing field for all. Otherwise, this is the recipe for a 'race to the bottom', with workers paying the price of increased competition through declining standards and working conditions, and firms competing by lowering working conditions instead of by investing in innovation and knowledge.

The EU's social legislation creates an important safety net of minimum standards, preventing a downward spiral of social dumping.

It is true that some Member States, and in particular the Nordic countries, have been more successful in achieving high growth and low unemployment. The EU needs to learn from examples of 'best practice' and examine whether systems such as 'flexicurity' - whereby greater mobility between jobs is accompanied by active welfare measures - can be adapted more broadly.

Social Europe = the answer to globalisation

Social Europe should offer a framework for helping people to come to terms with change and its consequences.

In this context, the ETUC welcomed the European Commission's proposal for a Globalisation Adjustment Fund (GAF), to support workers hit by major industrial restructuring. However, the ETUC also insists that the GAF should be implemented in close consultation with the social partners in order to avoid overlap and confusion with existing adjustment measures, notably those specified through collective bargaining practice.

Workers who face redundancy need to know well in advance, to give them time to retrain or find another job. Sweden sets one of the longest notification periods in the EU (6 months after 4 years' tenure) and also has one of the highest employment rates in the world. Research proves that with more advance warning, people find new jobs more easily. EU information and consultation legislation and European Works Councils (EWCs) should keep workers in touch with developments in their workplace.

Adequate benefit systems enable workers to respond constructively to change, rather than trying to resist it.

High social standards benefit economic performance

European workers are already among the most productive in the world, and this is true in Member States with strong social protection policies. German labour productivity per hour is close to the US average, and France and Belgium are not far behind.

In a recent World Bank survey, 11 EU nations were among the top 30 most competitive countries in the world, with the Nordic and Baltic countries showing especially strongly. Denmark led the list, with the greatest economic prosperity, the highest employment rate and investment in social protection in the EU, unemployment at just 5%, and 80% of the workforce in trade union membership. It is not surprising, therefore, that the EU-25 is also the largest global trading block and has been increasing its share of world exports. Over the last five years, exports to China have gone up by 87%.

Companies that involve employees in reforming work organisation reap the benefits in innovation and production performance. In Germany, manufacturing firms that modernised won a 8-30% labour productivity advantage over competitors.

Measures to enable people with family responsibilities, especially women, to play a full role in the labour market, make economic sense as well as improving the quality of people's lives. Some 56% of graduates from EU universities are now female, so it is important to enable them to use their knowledge and skills in the labour market.

Redistribution of wealth

Active policies to fight poverty and redistribute wealth contribute to higher levels of equality in Europe than elsewhere in the world (see figure below). Under an unregulated free market, 30% of the population would be at risk of poverty (OECD estimate). Social transfers bring this figure down to 10-15%, whereas in the USA it remains around 20-25%.

Figures tell the story

Although the USA has a reputation for high social mobility, enabling poorer people to become better off, the facts point to a different picture. For example, 40% of the sons from poorest families in the USA remain in this poverty trap, compared with 25-30% in EU countries. The number of people living in poverty in the United States is rising by some 1 million per annum.

The value of knowledge

Europe can never hope to compete with developing economies like China through cutting wages and lowering working conditions - the pay gap is too vast. So the EU must focus on what it does best as a high-skill, knowledge-based economy. This means investing in research and innovation, creating more high-quality jobs, and ensuring workers have the skills to fill them. Lifelong learning is a vital ingredient. In 2002, the European social partners agreed a framework of actions for developing lifelong learning.

A changing society

Better healthcare and social protection have helped Europe to achieve one of its goals in prolonging individual lifespans. But this brings with it the challenges of an ageing society, with an estimated 24 million more workers over 55 by 2030.

The EU must find ways to enable older people to stay in work if they so choose, and to enable them to live in comfort and dignity after retirement.

Europe also needs to guarantee security to migrant and mobile workers, who are increasingly vital to the EU economy.

Social dialogue: a productive factor

Far from holding back economic growth, social dialogue boosts innovation and productivity, improving workers' morale and giving them more control over the tasks they perform.

Dialogue between the social partners at European level, information and consultation between management and workforce, and EWCs in cross-border companies are important aspects of the European Social Model. Policy-makers need to understand that workers' rights help to create a skilled and innovative workforce.

A global responsibility

The European Social Model is an example for the rest of the world of a society based on social justice and solidarity, where economic and social advancement take equal priority, and where decent work and social protection combat poverty and social exclusion. That is why the success of Social Europe is so important not only for European citizens, but also for developing just and fair political systems in other countries.

#### Proliferation of low-wage workers undermines the European social model and gives rise to right-wing populist and nationalist forces.

#### SCHULTEN et al. 05 [Thorsten Schulten, Claus Schäfer, Reinhard Bispinck Wirtschaftsund Sozialwissenschaftliches Institut (WSI) in der Hans-Böckler-Stiftung, Germany, Andreas Rieger, Beat Ringger, Hans Baumann Denknetz (Non-partisan Swiss think tank), Switzerland Michel Husson, Antoine Math Institut de Recherches Economiques et Sociales (IRES), France, “Theses for a European minimum wage policy”, Source- Minimum wages in Europe, pp. 375, DDA]

The proliferation of the low-wage sector, along with mass unemployment, represents one of the central challenges facing European society and is threatening to undermine the social, moral and economic foundations of the European social model. While companies are abandoning their social responsibilities by paying low and poverty-level wages, the cost of the social consequences to the community as a whole is mounting and putting increasing strain on the institutions of the welfare state and public care provision. What is more, the expansion of the low-wage sector is further deepening the social divide in society and thereby fuelling chauvinistic, right-wing populist and nationalistic forces. To counter these forces, there is an urgent need for a progressive politicisation of the wage issue underpinned by basic principles of fair participation and distributive justice.

### AT- Noncompliance

#### OMCs clarified—they are enforceable

#### ZITZLER 07 [Jana Zitzler, Friedrich-Ebert-Stiftung Bonn (a non-profit German political foundation committed to the advancement of public policy issues in the spirit of the basic values of social democracy through education, research, and international cooperation. The foundation, headquartered in Bonn and Berlin, was founded in 1925), “Plea for a European Minimum Wage Policy”, Internationale Politikanalyse International Policy Analysis Unit, April 2007, DDA]

What would a European minimum wage policy look like? A proposal from the left wing of the French “Parti Socialiste”, under which a uniform minimum wage sum should be established Europe-wide, was judged impracticable by critics because of the significant differences between national economic circumstances. Other approaches regard the European minimum wage rather as an EU guideline. It would define a certain national minimum wage level in relation to national economic performance, to which the different EU member states should orientate themselves. A group of German, Swiss and French academics have proposed Europe-wide coordination of national mini- mum wage policies. All EU states would be obliged to gradually increase minimum wages to a level corresponding to at least 50 per cent – and prospectively 60 per cent – of national average income (Schulten et al. 2005). The open method of coordination has been proposed for implementing this policy. Concrete tar- gets and implementation periods would be established at European level, which ultimately would be implemented at national level with the customary institutions and procedures. Therefore, statutory minimum wages, generally binding wage agreements or combinations of the two forms of regulation could be applied. The European level would in turn have the task of supervising implementation at national level. For the purpose of implementation the European trade unions have been asked to develop a common concept for a European minimum wage policy (Schulten/Bispinck/ Schäfer 2006; Burmeister 2006).

#### AT- Non-Compliance

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

As we can see, in nearly all countries, the proportion of workers who are below the existing minimum wage level is less than 5%, which suggests both a high level of compliance and that minimum wages are so low that they have very little effective impact. As for those countries where more than 5% of workers are below the existing minimum wages, most have non‐statutory or non‐national minimum wages (Austria, Cyprus, Denmark, Germany and Italy), which means that the issue at stake is not compliance but coverage, and the existence of specific minimum wages that may be significantly below the overall national average. Only in France, Ireland, Lithuania and the UK is there both a statutory national minimum wage and a significantly high proportion of workers below the threshold, which may result from non‐compliance or the existence of sub‐minima for specific groups (such as younger workers) or, perhaps, some of the measurement problems mentioned earlier.

### AT- Unemployment

#### No UQ- Unemployment in EU high now and increasing.

#### SCHMID 14 [Günther Schmid (Social Science Research Centre Berlin (WZB), Free University of Berlin and IZA), “Inclusive growth: What future for the European social model?”, IZA Policy Paper, No. 82, 2014, DDA]

The employment rate (measured according to the new Employment Strategy) al- most stagnated, in particular in the Eurozone, and is with 68.4 percent far behind the goal of 75 percent in 2020. The figures for Germany seem to confirm the German “Jobwunder” because the job increase of (+) 7.5 percent seems to be impressive, especially compared to the Greek employment collapse of (-) 9.3 per- cent; in addition, Germany has already passed the EU benchmark. However, as we know from many studies, this job miracle has serious flaws related to insecure or even precarious jobs (Eichhorst and Tobsch 2013, Schmid 2011b).

The mirror of this picture are the rocketing unemployment rates, especially at the European periphery and in particular related to youth unemployment with which we are all already too familiar to have to have repeated here in detail (e.g. European Commission 2013a).

#### AT- Unemployment DA

#### KAMPELMANN et al. 13 [Stephan Kampelmann is researcher at the Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics), Andrea Garnero is doctoral candidate at the Ecole Normale Supérieure, Paris School of Economics and Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics), François Rycx is professor of economics at the Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics) and the Institute for the Study of Labor, “Minimum wages in Europe: does the diversity of systems lead to a diversity of outcomes?”, European Trade Union Institute, 2013, DDA]

Few economic policies have sparked academic debates as long-lasting and as passionate as those on minimum wages. Since 1915, several generations of empirical economists have tabled evidence and counter-evidence on the question of whether a statutory wage floor is harmful for employment at the bottom of the labour market. For a long time the majority of labour economists stuck to the basic model of perfectly competitive labour markets and its prediction that binding minimum wages are inefficient, predicting that they would lead to higher levels of unemployment. But the new measurement techniques (for example, natural experiments) and new datasets (for example, matched employer–employee microdata) that appeared during the 1990s have led many economists to reconsider their verdict on minimum wages. Today, the consensus in much of the literature is that employment effects induced by binding wage floors are, in most cases, so small in relation to other fluctuations in employment that it is difficult to identify them with the available statistical material. Where employment effects are found to be significant they apply only to certain sub-groups that are particularly sensitive to lower-tail wage developments (such as young workers). To some extent, it appears that the impressive volume of the minimum wage debate boils down to much ado about nothing, or rather, to much ado about something too small to be clearly identified.

#### No unemployment effect in Great Britain, where a minimum wage close to 50% of the median has been implemented

#### MANNING 12 [Alan Manning, Head of the Economics Department at the London School of Economics where he has taught since 1989, He is one of the UK’s leading labour market economists and has published widely on the impacts of the minimum wage, monopsony, immigration and technological change on wages and employment, “Minimum Wage: Maximum Impact”, April 2012, DDA]

With this effect being beyond dispute, a more interesting question is whether the minimum wage also pushes up the earnings of employees on higher wages. Given the estimate (reported earlier) that fewer than five percent of workers are paid at or around the minimum wage, one might think its introduction would have had only a minimal effect on wage inequality. What does the evidence say? The first studies of the impact of the minimum wage, conducted soon after its introduction, did indeed show little or no ‘spillover’ impact higher up the distribution.6 Current research, however, suggests that the later impact of [after] the minimum wage, after its value was increased towards 50 percent of the median wage, may have been larger.7 This wider context is best shown by looking at the evolution of wage inequality in the UK. Figure 6 reports three conventional measures: the ratio of the 90th to 50th percentile of the wage distribution (this refers to wage inequality within the top half of the wage distribution and is unlikely to be affected by the minimum wage), the ratio of the 50th to 10th percentile and the ratio of the 50th to the 5th percentile. As can be seen, the 50:5 and 50:10 ratios both rose sharply in the 1980s, along with the 90:50, as inequality fanned out across the entire earnings distribution. In the 1990s both then began to stabilize, before falling from the late 1990s onwards, a fall that coincided with the introduction of the NMW. We would expect this direct impact in the case of the 50:5 ratio; as we have seen, just under 5 percent of employees are on or just above the minimum wage, and so the 5th percentile is most directly affected. However, for the same impact to be seen on the 50:10 ratio would imply some ‘spillover’ effect. That is, workers on wages quite some distance above the minimum wage appear to have seen their wages rise, as firms have responded by—to some degree—maintaining pay differentials among low wage workers. It is of course possible that the fall seen in the 50:10 ratio was the result of other factors which drove down wage inequality at the bottom. Other evidence, though, supports the view that the minimum wage has been key to this decline. Figure 7 looks at different areas in the UK, plotting the median wage in 1998 against the change in the value of the 10th percentile wages from 1999 to 2010. If the minimum wage had exerted an impact on the 10th percentile we would expect a bigger rise in the 10th percentile in low-wage areas of the UK – that is, areas in which the minimum wage has more bite. As the lines on the chart show, this is exactly what we see: bottom half inequality fell faster in regions in which more people are paid the minimum wage. Other comparisons of the bite of the minimum wage also support this conclusion. The NMW, for example, affects more women than men and the fall in the 50:10 ratio has been larger among women than men. In sum, there is good reason to believe that, although only small numbers of adults are actually paid the minimum wage, the policy has more pervasive effects on the wage distribution than this might imply. Other research supports this conclusion, suggesting that the impact of the minimum wage likely tails off to zero only at around the 20th percentile of the earnings distribution.8 What lessons can we learn? So far, so good; the minimum wage has had a positive effect on low wages and earnings inequality in the bottom half while having little or no recognizable negative effect on employment. Given this, a more interesting question is: why has the minimum wage had no effect on employment? One answer to this question is that the minimum wage has two counterbalancing effects. On the one hand, it raises labour costs for employers, thereby having a potentially dampening effect on employment. On the other hand, it raises pay for employees, increasing the incentive to work. We might think, therefore, that these positive impacts on the supply of labour have offset (and in some cases more than offset, with some evidence suggesting the NMW has had a positive impact on employment) any negative effects on employer- demand for labour. That said, we are unlikely ever to know the whole story; the overall impact of a minimum wage on employment is the complex result of impacts on labour costs, productivity, labour supply, and a large number of other factors. Standing back, then, what does the first thirteen years of the minimum wage tell us about how the minimum wage might be used in the coming years to ease the squeeze on living standards? With no adverse effect on employment detected, one might be tempted to conclude that we should continue to push the NMW up at a faster rate than average earnings. Unfortunately, though, we need to be more circumspect. The evidence tells us little about what would happen were we to go significantly further in raising the minimum wage faster than average wages. Any significant increase in the standard national rate would be something of a leap into the unknown. The next section therefore looks beyond the UK’s NMW history to explore two other sources of evidence that might guide our steps: other economies with much higher minimum wages and sub-sections of the UK labour market in which the minimum wage is very high compared to median wages. As we have seen above, the aggregate UK experience gives us little grounds on which to speculate about the likely effects of a much higher minimum wage. In order to make a more informed estimate, we need to look to labour markets in which the minimum wage is much higher than it is at present in the UK. There are two main sources of such information. First, there are other countries in which a national minimum wage is, or has been, much higher in relation to median earnings. Second, there are subsections of the UK labour market in which the minimum wage has far greater ‘bite’ because the general level of earnings is lower. In some cases this may mean specific industries or regions. In others it may mean certain groups of workers, for example the young. Other Countries What lessons can we learn from other countries? Figure 8 presents the latest figures available from the OECD on minimum wages in member countries as a percentage of median earnings for full-time workers. The data only includes countries with a statutory minimum wage (those, like the Nordic and Germanic economies that have a non-legislative system of minimum wages enforced through the mechanism of collective bargaining are not included). Small variations between different countries should not be over- interpreted because the data is sensitive to measurement issues. (Indeed the figure for the UK is lower than that reported in Figure 1, probably because this dataset focuses only on full-time workers.) The broader variations, though, provide a fair sense of the relative generosity of the minimum wage in each case. As Figure 8 confirms, the UK is mid-table when it comes to the level of the minimum wage relative to median earnings. The UK level is in fact very similar to that in a large number of other advanced economies, sitting within three percentage points of 12 out of the 23 countries covered in the above chart. That said, several countries at a similar level of economic development to the UK do have much higher minimum wages. These are the economies from which we might expect to learn something. France and New Zealand stand out as being particularly worth further consideration, having particularly high levels of the minimum wage, at about 60% of median earnings, while both also being broadly comparable to the UK in terms of their level of economic development. (Turkey is at a quite different stage of development and so is less relevant.) What can we learn from these two examples? In the case of France, the minimum wage (known as the Salaire Minimum Interprofessionnel de Croissance or SMIC) is notorious for being extremely high, especially when combined with the high level of payroll taxes paid by employers. Organizations like the OECD regularly call upon France to reduce its level. What do we see if we look for evidence on the impact of the SMIC on employment? The truth is that there is no high-quality study on the impact of the French minimum wage. This is largely a consequence of the SMIC’s design rather than the failure of researchers. That’s because the SMIC is raised each year on the basis of a complicated indexation scheme linked to the value of inflation and earnings (though the French government also has the scope for discretionary increases). The consequence is that the SMIC generally increases in value little by little year on year with no big jumps (one exception took place under Miterrand in the early 1980s but at this point the SMIC was then around current UK levels). As a result, there is no ‘big bang’ – similar to the introduction of the NMW in the UK or the very large periodic rises in the minimum wage in the US – that provides a useful experiment for economists to study. Overall, it is all but impossible to distinguish the impact of the SMIC from other factors affecting labour market outcomes in France. Far from offering a salutary tale regarding the perils of a large minimum wage, the French experience can tell us little either way. The accepted wisdom seems to have little sound basis. What of New Zealand? The country is also reported as having a very high current level of the minimum wage in relation to median earnings but, unlike France, has also seen several sharp changes in the value of the minimum wage over time, as is shown in Figure 9. What does the evidence say regarding any impact on employment? Alongside the value of the minimum wage, Figure 9 also plots the New Zealand unemployment rate from the 1960s (when unemployment was so low that it was said that the employment minister knew all the unemployed personally) to the period around 1990 when unemployment hit 10 percent. Although no obvious pattern linking the minimum wage and unemployment rates emerges, this does not tell us that there is no link between the two variables. Instead, it suggests that, as might be expected, many other factors are at play. That said, more detailed studies also fail to find a convincing link between the New Zealand minimum wage and employment rates. The most robust study to date, from Hyslop and Stillman (2007), focuses on young workers. It takes advantage of a significant change in the minimum wage for young people that took place in New Zealand in 2001. The reforms saw the starting age for the adult minimum wage fall from 20 to 18 years, effectively increasing the minimum wage for 18 and 19 year olds by 69 percent in the course of just two years. It also raised the minimum wage that applies to 16 and 17 year old workers from 60 to 80 percent of the adult minimum over two years, resulting in a 41 percent increase. Despite these very significant jumps in the value of the minimum wage for young people, the authors find no robust evidence of a negative effect on youth employment or on hours worked. On the contrary, they find some evidence of positive employment effects for all those in the 16 to 19 age group, with 16-17 year-olds in particular taking on more hours of paid work. They conclude that, by substantially raising wages with no noticeable negative effect on hours or employment, the reform had a very strong net positive impact on the earned income of young people in New Zealand. In one sense, this study provides some reassurance of the impact of a very high minimum wage. Yet it is important not to over-interpret Hylsop and Stillman’s results. Inferring lessons for the broader working population from the youth labour market is fraught with difficulty (as discussed in more detail later), not least because young people make up only a small proportion of the overall workforce and, as a result, any increase in their wages can be more easily absorbed by employers than any hike in the adult minimum wage. What can we conclude overall from the experience of other countries? Certainly the evidence does not give credence to exaggerated fears of a catastrophic effect of raising the UK minimum wage, even quite substantially. But nor does it give us the kind of confidence we might seek in order to justify a departure from the LPC’s gradualist approach. If the UK minimum wage were to be raised in line with the level seen in New Zealand, this would mean an increase in its value of 30 percent. On the basis of the existing evidence, such substantial increases, even if pursued over a few years, would need to be made incrementally and with a great deal of caution. Lessons from different segments of the UK labour market We now turn to a second possible source of evidence on the impact of a much higher minimum wage: subsections of the UK economy in which the minimum wage is very high in relation to the wider wage distribution. What do we see when we consider the effects of the minimum wage on employment in different regions in the UK, in different industries in the UK, and on workers of different ages? In the case of regions, there is considerable variation in the bite of the minimum wage within the UK. For example, the average share of UK adult workers being paid the minimum wage in 2007 was 3.8 percent but this figure ranged from 0.6 percent in Sutton and 0.7 percent in South Buckinghamshire to as high as 11.8 percent in Derwentside and 15.2 percent in Blyth Valley. In the UK’s highest-wage areas the NMW was equivalent to roughly 30 percent of average earnings. By contrast, in the lowest wage regions the figure was over 70 percent. Studying the impact of regional variations within the UK should therefore give us a good sense of what would happen if the UK minimum wage were to be raised to a much higher level. The answer is that there is little evidence to suggest we have yet reached the point at which the current level of the UK minimum wage is causing unemployment in the low-wage areas of the country. Butcher (2012) provides a useful summary of research into the impacts of the NMW on employment using spatial data. Most studies echo Dickens, Riley and Wilkson (2009) in finding little or no statistically significant effect on employment and this includes the lowest-wage regions. While some find studies find minor effects in certain regions in certain years, Butcher concludes that ‘in summary the research from local area analysis also fails to find strong evidence of any adverse employment level effects’.9

### AT- Politics DA

#### AT- Politics: Statutory minimum wages are popular in Europe.

#### SCHULTEN 09 [Thorsten Schulten, (Senior Researcher, Wirtschaftsund Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), “Minimum wages in Europe: new debates against the background of economic crisis”, ETUI Policy Brief: European Economic and Employment Policy, 2009, DDA]

It is important to point out that the statutory minimum wage enjoys a high degree of social acceptance, as expressed also through the fact that in no European country is its abolition being demanded by any significant social or political force. Political debate in this area focuses instead on the level of the existing minimum wage and the pace of its future development.

### Topicality

#### Reasonability—

Prefer reasonability on topicality—that means if I win significant defense on his interpretation or show that my aff could be prepared for or engaged with, you don’t vote on topicality—2 warrants

There is no clear definition or conception of living wage in the literature, so it’s unfair for me to pick the perfect interp that they expect

ANKER 11 (Richard Anker, A retired Senior Economist at the International Labour Organization, and presently a Visiting Scholar at the Political Economy Research Institute (PERI) of the University of Massachusetts, “Estimating a living wage: A methodological review,” International Labour Organization, 2011, http://is.muni.cz/repo/1131138/anker\_2011\_ilo.pdf)

An important reason why living wage is not more widely applied is that there is neither a generally accepted definition of what a living wage is, nor is there a generally agreed methodology on how to measure a living wage. Partly because of this, many companies do not attempt to pay their workers a living wage and many governments do not seriously consider worker needs when they set legal minimum wages. As two large multinational corporations and one NGO concerned with monitoring CSR put it:

#### Counterinterp- A living wage is a decent wage that provides for basic costs of living

#### LWAC [Living Wage Action Coalition, collective of students and recent grads from campuses across the country that share experiences from their living wage and student-worker solidarity campaigns with new and existing campus campaigns. “Campus Living Wage Resources: What's a Living Wage?”, DDA]

A living wage is a decent wage. It affords the earner and her or his family the most basic costs of living without need for government support or poverty programs. With a living wage an individual can take pride in her work and enjoy the decency of a life beyond poverty, beyond an endless cycle of working and sleeping, beyond the ditch of poverty wages.

#### B. I meet—60 percent of the national average is a wage that covers costs of living

SCHULTEN 08 (Thorsten, Senior Researcher, Wirtschafts- und Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation in Germany, December 2008, “Towards a European Minimum Wage Policy? Fair Wages and Social Europe”, European Journal of Industrial Relations, Vol. 14, No. 4, pp. 421-439)

Normative Foundations for a European Minimum Wage Policy A justification for a minimum wage policy at European level can be found in various international and European agreements and conventions which prescribe an entitlement to a ‘fair’ or ‘equitable’ wage. Most of these agreements are not legally binding in a strict sense but they provide a strong moral and political commitment. The 1948 United Nations Declaration of Human Rights, for example, states that ‘everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity’ (Article 23, Para. 3). A similar provision can be found in the 1961 European Social Charter of the Council of Europe, according to which ‘all workers have the right to a fair remuneration sufficient for a decent standard of living for themselves and their families’ (Part I, Article 4). Moreover, the 1989 EU Community Charter of Fundamental Social Rights for Workers says that ‘workers shall be assured of an equitable wage, i.e. a wage sufficient to enable them to have a decent standard of living’ (Article 5). There is, however, no provision on equitable wages in the more recent EU Charter of Fundamental Rights, adopted by the Council in December 2000 (European Commission, 2000). In all international and European agreements a ‘fair’ or ‘equitable’ wage is related to a decent standard of living. It must not only guarantee a minimum of subsistence but should also allow adequate participation in society. Perhaps the most advanced discussion on how to calculate a decent wage took place within the Council of Europe, which was searching for an instrument to measure whether or not a state which had ratified the European Social Charter actually guaranteed its citizens a decent wage. In the 1970s the Council’s European Committee of Social Rights (ECSR) proposed a definition according to which a decent wage should be at least 68 percent of the national average gross wage. In addition, the ECSR stated that compensatory factors such as tax and welfare benefits should be taken into account. Since there has never been a framework for assessing the weight of these compensatory factors, the ECSR was finally forced to abandon the 68 percent threshold. However, in the second half of the 1990s it developed a new benchmark which now specifies that a decent wage has to be at least 60 percent of the national average net wage. The change from a gross to a net perspective has been widely criticized, not only because it has become much more difficult to evaluate a net threshold but also because it shifts the responsibility for providing decent wages from the employers to the state (Lörcher, 2006; Murray, 2004). There are also two ILO conventions, No. 26 from 1928 and No. 131 from 1970, which deal explicitly with the establishment of minimum wages. According to the latter, ‘each Member of the ILO which ratifies this Convention undertakes to establish a system of minimum wages which covers all groups of wage earners whose terms of employment are such that coverage would be appropriate’ (Article 1, Para.1). Furthermore, the Convention states that the establishment and adjustment of minimum wages should take place ‘in agreement or after full consultation with the representative organizations of employers and workers concerned’ (Article 1, Para. 2). According to the ILO conventions, minimum wages have to be seen as fundamental instruments for the regulation of labour markets in order to guarantee decent wages.

#### No abuse—half the median wage is functionally the same as a minimum wage indexed to local costs of living.

#### DUBE 14 [ARINDRAJIT DUBE, Economist @Umass who has done extensive research on the minimum wage, “Designing Thoughtful Minimum Wage Policy at the State and Local Levels”, The Hamilton Project, 2014]

While the median wage is a good measure of how binding a minimum wage would be, an additional consideration is cost of living, which tends to be greater in urban areas. To provide an alternative adjustment, table 13-1 also reports the level of minimum wage that would prevail in a state if a $9.75 federal minimum wage—chosen because that is half the median full-time wage nationally—were adjusted using the regional price parity index for that state. To make this an apples-to-apples comparison, both methods entail a similar overall increase in the minimum wage, letting the exact pattern vary across states based on the median wage, as opposed to just on the cost of living. There is considerable similarity in the target minimum wage constructed using the two methods. This is to be expected since high-wage states also tend to have higher costs of living. Nine states show up in both top ten lists, for example, and for all but five states, the two methods produce a target minimum wage that differs by less than 10 percent. The overlap is imperfect, however. For example, whereas Massachusetts has the highest median wage of all states, it ranks sixth in terms of the cost of living. Similarly, California ranks twelfth based on median wage, but third based on cost of living. More generally, while the recommended increase in the minimum wage is similar under the two approaches when averaged across all states (i.e., 26.2 percent versus 22.5 percent average increase in the statutory minimum wage), the regional price adjustment produces a narrower range: between $8.42 and $11.43 instead of between $7.97 and $12.45. Under my proposal, state policymakers should put the greatest emphasis on how binding the minimum wage would be as proxied by half the median wage. This is an important metric for gauging the extent of an intervention in the functioning of the labor market. Often this will also reflect cost-of-living differences across areas.

### AT- Stimulus Solves

#### The new stimulus package doesn’t solve econ – can’t fix deflation and only short-term—structural reforms to the economy are key to sustained growth

Irwin 1-22 – lead economics correspondent for The Washington Post [Neil, “Stimulus for Eurozone, but It May Be Too Little or Too Late,” New York Times, January 22, 2015, <http://www.nytimes.com/2015/01/23/upshot/mario-draghis-bombshell-is-europes-last-best-hope-to-return-to-growth.html?_r=0&abt=0002&abg=1>, Accessed 1/25/15]//schnall

The [ECB] European Central Bank unleashed a surprisingly aggressive stimulus plan on Thursday that looked like the last, best hope to prevent the region from sliding toward another lost economic decade with the stagnant growth, high unemployment and political strains that it would mean. But the 1.1 trillion-euro question is whether the bond-buying program will jolt Europe out of its economic doldrums or merely create a short-term lift to financial markets. The flood of new money sloshing around the global economy could also create problems elsewhere. “The E.C.B. will succeed in weakening the euro and maintaining generally low interest rates,” said Mohamed A. El-Erian, the chief economic adviser at the financial services company Allianz. “But this is insufficient to deliver a growth breakthrough,” he added, and “comes with the risk of collateral damage and unintended consequences.” Since the financial crisis in 2008, nations grappling with economic weakness have repeatedly turned to one tool to try to fix things: the power of their central banks to create new money from thin air and push it into the financial system by buying bonds. Such programs, known as quantitative easing, can help lower long-term interest rates and bolster financial markets, encouraging spending and business investment. Years after the United States, Britain and Japan traveled down that path, the European Union, long hamstrung by the complex politics of a single central bank setting policy for 19 countries, has developed its own program. The E.C.B. will buy 60 billion euros’ worth of securities a month, the bank’s president, Mario Draghi, said, including both government bonds and private sector assets. With prices falling in the countries using the euro, Mr. Draghi pledged that the purchases would “be conducted until we see a sustained adjustment in the path of inflation” to become more consistent with the central bank’s aim of inflation just below 2 percent a year. The program was bigger than analysts had expected, and the initial market reaction was favorable. Stocks jumped worldwide, and borrowing costs fell, particularly in Europe. The value of the euro — already dropping precipitously in recent months in anticipation of the move on Thursday — dropped an additional 2 percent against the dollar to its lowest level since 2003. That should help the E.C.B’s goal of increasing eurozone inflation, and help make the Continent’s exporters more competitive. The success or failure of the program, though, depends on much more than one day’s market moves. And the mixed record of monetary injections elsewhere show the challenges that Mr. Draghi and his colleagues will have turning their fiscal activism into sustained economic improvement. The American and British efforts are generally considered successful, but Japan is struggling with a weak economy and deflation. Mr. Draghi acknowledged that it would take more than an open spigot of money from the central bank to get Europe’s economy on track, and that political authorities across Europe must act as well. “What monetary policy can do is to create the basis for growth,” he said at a news conference in Frankfurt. “But for growth to pick up, you need investment. For investment, you need confidence. And for confidence, you need structural reforms.” “It’s now up to the governments to implement these structural reforms,” he said. Then there are the broader risks of such aggressive monetary activism, as trillions of new dollars, pounds and yen have created unpredictable ripple effects worldwide. Even before Europe announced its plans, risks started to surface. Switzerland’s central bank last week abandoned a longstanding peg of the value of its currency, the franc, against the euro, concluding that it would be impossible to maintain amid the anticipated E.C.B. action. After dropping the cap, the value of the franc rose 17 percent in a single day, and a Swiss recession may well result. Also Thursday, the Danish central bank cut interest rates, as it faces the challenge of maintaining its own peg between the krone and the euro. It is the country’s second rate cut in a week. Going in the opposite direction, the Federal Reserve is withdrawing its extraordinary stimulus from the United States, helping to drive up the value of the dollar on global currency markets. That could make for more challenging times for American exporters and companies and banks in emerging markets that have borrowed extensively in dollars. Mario Draghi, the European Central Bank president, said Thursday that the governing council agreed to a quantitative easing program that will see it buy up to 60 billion euros’ worth of bonds. Even as the ripples from years of monetary intervention spread through the globe, the biggest uncertainty for Europe is whether the new program will be enough to arrest a slide toward deflation. Analysts have been reluctant to predict too much out of the new program. “Q.E. is not a silver bullet for the eurozone’s many problems,” Howard Archer, the chief European economist for IHS Global Insight, wrote in a research note. “But it should provide some limited help to growth by adding to the stimulus that is already coming from very low oil prices and the markedly weaker euro.” At first glance, Mr. Draghi’s plan emulates the Federal Reserve’s third and final round of quantitative easing, which is generally credited with helping to accelerate the American economy over the last two years. Both programs were open-ended in size, with billions in monthly bond purchases paired with a pledge to continue until some goal was met. (For the Fed, it was substantial improvement in the job market. For the European Central Bank, returning inflation toward its target).

## Extra Cards

### Herr and Kazandziska

#### HERR AND KAZANDZISKA 11 [Hansjörg Herr (Professor of Economics Berlin School of Economics and Law, Germany) and Milka Kazandziska (Economics Professor at Berlin School of Economics and Law, “Principles of Minimum Wage Policy – Economics, Institutions and Recommendations”, International Labour Office Working Paper No. 11, Published in conjunction with The Global Labour University (GLU), a international network of universities, trade unions, research institutes, think tanks and the International Labour Organisation that develops and implements university post graduate programmes on labour and globalization for trade unionists and other labour experts; undertakes joint research and organizes international discussion fora on global labour issues; publishes textbooks, research and discussion papers on labour and globalization issues. March 2011, DDA]

#### Price increases prevent unemployment from occurring after raising the minimum wage.

#### HERR AND KAZANDZISKA 11 [Hansjörg Herr (Professor of Economics Berlin School of Economics and Law, Germany) and Milka Kazandziska (Economics Professor at Berlin School of Economics and Law, “Principles of Minimum Wage Policy – Economics, Institutions and Recommendations”, International Labour Office Working Paper No. 11, Published in conjunction with The Global Labour University (GLU), a international network of universities, trade unions, research institutes, think tanks and the International Labour Organisation that develops and implements university post graduate programmes on labour and globalization for trade unionists and other labour experts; undertakes joint research and organizes international discussion fora on global labour issues; publishes textbooks, research and discussion papers on labour and globalization issues. March 2011, DDA]

The Keynesian approach gives a clear explanation as to why minimum wage increases do not lead to higher unemployment on a macroeconomic level. Increases in minimum wages which will change the structure or wages will also change the structure of prices (relative prices) of the affected industries. As the output of one industry is the input of other industries, relative prices will change further. The new structure of prices will change the structure of demand, as well as the technology and the structure of production. How employment is affected is theoretically open and extremely difficult to predict empirically. There is also a valid argument that higher minimum wages may lead to a positive employment effect. As households which receive minimum wages tend to have a higher propensity to consume compared to rich households, the level of consumption is also expected to be enhanced which will have a positive impact on aggregate demand, output and employment.

#### T- aff is consistent with the ILO decent wage definition

The International Labour Organization has not defined a specific rate (either in absolute terms or in relation to the average or medium wage) that countries should follow. However, what is being recommended is that the minimum wage be set at a “decent” level. In Convention 131 from 1970 the ILO (1970) writes: “The elements to be taken into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include (a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups; (b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.”

This term is very vague, yet taking into account that distribution and the wage dispersion as part of it depend on the very specific situation in a country, how high the minimum wage should be has to be treated as a country-specific issue. In many countries the amount of the minimum wage to average wage is set in practice at around 40 per cent (ILO 2009:10). As an orientation minimum wages should be around 40 to 60 per cent of average or better median wages. But in the end the relation of minimum wages to the general wage level involves value judgement which must be politically decided upon in each country.

### Eurofound (check references)

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

#### Aff solves poverty—workers below the proposed minimum wage are far more likely to live in poverty—empirics

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

On the other hand, if workers below and above the HMW threshold (also shown in Figure 22, with grey bars) are compared, it can immediately be seen that the incidence of poverty for workers below the HMW threshold is notably higher than for workers above the threshold. For the EU as a whole, fewer than 4% of workers above the HMW threshold live in relative poverty, compared with 20% of those below. In other words, the incidence of poverty multiplies by five times for workers below the threshold. A similar pattern can be seen in all EU countries, without exception. So although most of the workers below the HMW threshold do not live in poor households, there is a clear association between poverty and having a wage below the hypothetical threshold.

#### Plan benefits women disproportionately.

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

Finally, a higher proportion of female than male employees would be affected, across all economic sectors. The largest gaps in the proportion of employees affected, considered in percentage points, occur in the arts and entertainment, horeca, retail and agriculture sectors. The proportion of women affected is double that of men in the financial, manufacturing, retail, arts and entertainment and public administration sectors.

#### Prefer median over mean—avoids outliers and typically reduces poverty better.

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

The use of the median rather than the mean is normally justified by the excessive sensitivity of the latter to outliers in the distribution of income. Even a relatively few very high individual earnings can skew the mean upwards, resulting therefore in a very high threshold. In fact, when a minimum wage threshold is proposed with reference to the mean, it tends to be lower than when it is proposed with reference to the median (50% or 55% rather than 60%).40

#### AT- T- Living Wage: The aff is the most common proposal in the topic literature.

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

A final important aspect in which current proposals differ is in how the target levels should be defined. The most frequently mentioned target is a proportion of median or average wages, normally 50% or 60%. For instance, the European Parliament has mentioned a level of 60% of the median. Other proposals anchor the target to GDP per worker rather than to wages (for instance, the proposal by Rasmussen and Delors, 2006).

#### AT- OMCs Bad: Due to current European treaties, OMCs are the only legal way to implement European minimum wage policy.

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

Considering the important existing differences in national minimum wage systems, it has been argued that the OMC provides ‘a very practicable way to introduce a European minimum wage policy’ (Schulten, 2008, p. 431). Some have argued, though, that the OMC has delivered few results in terms of actual policy coordination and harmonisation (its explicit goals), since the lack of any type of enforcement mechanism renders it ineffective in practice (for a review, see Borrás and Radaelli, 2010). A ‘hard’ form of regulation, such as a directive, would surely be more effective but, since pay is currently explicitly excluded from the treaties, this method could only be used if the treaties were amended; this would involve a considerably greater degree of harmonisation and might be opposed by many countries and EU actors, as mentioned in the previous section.37

#### AT- Bargaining CP: Their empirics rely on reverse causation—statutory minimum wage policies are a replacement for weak bargaining systems, not a result of them.

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

But this interaction is made even more complicated by the fact that minimum wages can also have an effect on the strength and structure of the collective bargaining system. Some researchers have argued that high statutory minimum wages can have a ‘crowding out’ effect on collective bargaining in the low‐pay sector (Aghion et al, 2008), by reducing both the need and the incentive to engage in collective bargaining for setting wages (which may apply both to workers and employers). To the extent that this argument is based on the empirical correlation between statutory minimum wages and the strength of collective bargaining, it may inadvertently reverse causation. As already said, statutory minimum wages have often been introduced as a substitute for ineffective collective bargaining, and hence the observed correlation may be explained in exactly the opposite way (weak collective bargaining leads to statutory minimum wages, and not the other way round). Still, some empirical evidence does suggest (though not prove) the possibility of ‘crowding out’ effects, and the reluctance of unions to support statutory minimum wages in some European countries is partly based on their own perception of this possibility (Eldring and Alsos, 2012).

#### AT- Bargaining CP: Minimum wages set a baseline that make collective bargaining more effective at helping the poor. (possible perm card)

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Although minimum wages have a direct effect only on those workers whose wages fall below the specified threshold, they often have an indirect effect on wages above the threshold; this effect can extend to a sizeable part of the lower half of the earnings distribution (Freeman, 1996). These ‘ripple’ or ‘spill‐over’ effects exist because the minimum wage level is often used as a reference in individual or collective wage negotiations at the bottom of the wage distribution, with workers often aiming at maintaining their relative distance from the threshold. Sometimes, these ripple effects can have a bigger impact on the wage distribution at the bottom than the minimum wage increase on its own. The relative strength of collective bargaining in the different countries is one of the main determinants of the existence and scale of these ripple effects (Grimshaw et al, 2013): where collective bargaining is very weak, it may not be able to capitalise on a minimum wage increase to facilitate a more‐or‐less general increase of wages in the low‐paid sector. Where this is the case, an increase in the minimum wage would simply compress wage distribution at the bottom, potentially leading to some undesirable results such as excessively flat earnings trajectories in the low‐paid sectors (generating a ‘low‐wage trap’; see Gautié, 2010). Where collective bargaining is stronger, an increase in the minimum wage level can lead to a more‐or‐less generalised expansion of wages in the low‐paid sectors, multiplying its effects in terms of pay equity.

#### AT- Wages need to rise with productivity: Turn- raising the minimum wage increases productivity—empirics in Europe prove.

In the current economic situation, European policy places a strong focus on the relationship between national wage developments and international competitiveness, as underpinned by the recent Euro Plus Pact.26 Fostering competitiveness is one of the four objectives of the Pact, and it places a strong emphasis on the idea that wages should evolve in line with productivity to keep unit labour costs stable. If unit labour costs – equivalent to the ratio between labour costs per hour and labour productivity (output per hour) – increase significantly, competitiveness may be damaged.27 It could be argued that if a country decides to increase its minimum wage without any corresponding increase in productivity, the costs faced by national companies will increase and they will become less competitive than competitors from other countries. This effect will be larger in labour‐ intensive industries, where labour costs represent a higher proportion of the total costs faced by firms.

There are a number of potential objections to the previous argument. First, increases in minimum wages tend to foster increases in productivity (Rizov and Croucher, 2011; McLaughlin, 2007), so that the final result in terms of unit labour costs and therefore competitiveness may even be positive. After all, it is empirically the case that the most competitive European economies tend to have higher, rather than lower, minimum wage levels (for instance, the Nordic countries). Secondly, low‐paid employees are not typically concentrated in trade‐intensive industries such as manufacturing, but in non‐trade sectors such as services – especially personal services (Dolado et al, 1996). This means that an increase in minimum wages will have a limited impact on internationally competitive industries, since moderate wages are rarely the key factor behind international competitiveness, at least in Europe.28 Furthermore, competitiveness is influenced both by price factors (wages and productivity, which together explain unit labour costs, and also exchange rates and inflation) and non‐price factors (such as product quality and design, marketing and consumer after‐sales service). Wages, or even unit labour costs, are just one element among many, and many researchers have warned against taking unit labour costs as a comprehensive measure of competitiveness (Ark et al, 2005).

#### Income inequality on the rise now- plan solves

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

It is a well‐established fact that wage inequality has increased considerably over the last few decades across most advanced market economies, but most of that increase has taken place at the upper tail of the distribution24 (Atkinson et al, 2011; see also Gordon and Dew‐Becker, 2008). The earnings of the highest paid (the upper 10%, 1% or even 0.1%) have increased much faster than those of everyone else and this on its own explains most of the increase in inequality. Since minimum wages have an effect only on the lower tail of the distribution of wages (they obviously have no impact on very high wage levels), this suggests that they can have only a relatively low impact on overall inequality.

That said, most existing research on this issue does show that minimum wages (and their evolution) play an important role in explaining the patterns of wage inequality in the lower tail of the distribution – not only directly by raising the lowest wages, but also indirectly through spillover effects (Teulings, 2003; Autor et al, 2010). Of course, the impact of a rise in the minimum wage on the wage distribution will be larger in those cases where there are many workers currently paid at minimum wage levels.25

#### AT- Average Wage CP

The use of the median rather than the mean is normally justified by the excessive sensitivity of the latter to outliers in the distribution of income. Even a relatively few very high individual earnings can skew the mean upwards, resulting therefore in a very high threshold. In fact, when a minimum wage threshold is proposed with reference to the mean, it tends to be lower than when it is proposed with reference to the median (50% or 55% rather than 60%).

#### About 15-20% of workers would benefit from the plan.

The key variable throughout this report will be the proportion of workers below the hypothetical common EU minimum wage level in various countries, sectors, and so on. A preliminary approximation to this variable is shown in the fourth column of Tables 2 and 3. It can be easily seen that in nearly all countries there would be a significant proportion of workers below the threshold, and their wages would therefore increase if the HMW were implemented.

According to the EU‐SILC, in most countries the proportion of workers below the threshold is between 10% and 15%, with several countries around or above 20% (the Baltic states, the UK, Ireland, and Germany). These figures will be discussed in detail in the next section. For the moment, putting them in the context of the proportion of workers below existing minimum wage levels illustrates the point made before about the difference between countries with and without statutory minimum wages. Column (5) of Table 3 (only available for EU‐SILC data) shows the proportion of workers below existing minimum wage levels in 2009 using the threshold of 75% of the value shown in Column (1), following Kampelmann et al (2013).47

#### AT- Sector-specific wage threshold: Solvency deficit

While a national minimum wage significantly reduces wage inequalities across sectors (by raising the wages of the low-paid sectors in particular), a sector-specific minimum wage can in fact accentuate them. The strongest effect would not be on the lowest-paid workers in the economy, but on the lowest-paid workers in the highest-paid sectors – who may not be so poorly paid in general terms. To the extent that wage inequalities are linked to sector differentials, it could end up increasing overall inequality. Such a minimum wage scheme may be more consistent with productivity levels, but it seems difficult to justify in terms of its implications for equity.

#### Aff is inherent- no EU-wide minimum wage coming soon

As has been repeatedly said in this report, the EU currently has no competences with respect to pay systems or levels, and many significant actors both at the EU and national levels are opposed to giving the EU any powers in this respect. Therefore, at least in the short run, it is very unlikely that there would be any form of coordination of minimum wage policies in the EU. Still, some recent EU policy discussions have touched upon this issue, so it seemed useful to discuss that possibility by conducting an accounting exercise to examine how many and which workers would fall below a common threshold set at 60% of median wages. Such an exercise is also useful as a way of benchmarking minimum wage systems and levels, since it establishes a common metric for the comparison. After having discussed in detail such a scenario in the previous pages, it is now possible to make an overall assessment of the quantitative impact that a hypothetical coordination of minimum wages around 60% of each national median would have, adding also the assessment of the institutional impact that was discussed at the end of the previous section. Such a summary is provided in Table 6.

#### AT- Unemployment DA- several reasons plan wouldn’t increase minimum wage and there’s no empirical consensus on the employment effect

According to the Keynesian approach, on the other hand, higher minimum wages do not necessarily increase unemployment at the macroeconomic level, but they will affect relative prices of the affected industries, altering the structure of demand and supply with unpredictable effects on overall employment. But since workers receiving minimum wages have a higher propensity to consume, it is often argued from this perspective that minimum wage rises may actually lift aggregate demand and output, and hence employment (Herr and Kazandziska, 2011).

Standard economic theory predicts that a minimum wage may also increase employment under certain scenarios. For instance, in the case of a monopsony, where a single buyer of labour exists, a binding minimum wage (that is, one which is set above the monopsonic equilibrium level) can increase the number of people employed by a company.22 Moreover, even if we assume that a minimum wage has a potentially negative impact on the employment of the least productive workers, a binding minimum wage could give such workers an incentive to improve their skills level in order to raise their productivity and remain employed (Cahuc and Michel, 1996). Under efficiency wage models, the productivity of labour depends on the wage paid, so that employees will be more productive when earning higher wages because of their greater commitment; this may encourage employers to maintain or expand their labour force (Georgiadis, 2012).

So, overall, the impact of minimum wages on employment is disputed in economic theory. While the simple neoclassical model assumes a negative impact, the effect only holds in a purely competitive model, which is hardly ever found in reality. In non‐competitive labour markets, this effect is unclear even from a neoclassical perspective; in Keynesian approaches, the impact of minimum wages on employment depends on their impact on demand and price structures, this again being highly uncertain. In other words, theory alone cannot resolve this issue, which makes it necessary to turn to empirical analysis.

At an empirical level, the employment effect of minimum wages is one of the most researched topics in labour economics, but again the results are inconclusive. The consensus among mainstream economists until the early 1980s was that minimum wages had a negative impact on employment, especially for low‐skilled and younger workers, as summarised by the statement of Brown et al (1982) that ‘a 10% increase in the minimum wage reduces teenage employment by 1 to 3%’.23 However, these results were challenged in the early 1990s by a new wave of studies on minimum wages.

Using both natural experiments (Card and Krueger, 1994; 2000) and other robust empirical approaches (Allegretto et al, 2011), these more recent studies found much smaller negative employment effects of minimum wages, even for teenagers, and often not statistically significant. Despite the higher levels of minimum wages in Europe, different empirical studies (Dolado et al, 1996; Vaughan‐Whitehead, 2010) also failed to identify significant disemployment effects. As summarised by Martin and Immervoll (2007), ‘the evidence shows that an appropriately set minimum wage need not have large negative effects on job prospects, especially if wage floors are properly differentiated (e.g. lower rates for young workers) and non‐wage labour costs are kept in check.’

Some researchers have pointed out that this apparent contradiction between standard economic theory and empirical results can be explained by the existence of adjustment channels to maintain profitability when minimum wages are established or increased without it being necessary to lay off workers. Such adjustment channels would include: cost reductions resulting from lower labour turnover; efficiency improvements by the organisation or by more motivated staff; reductions in wages of higher earners (‘wage compression’); small price increases; a reduction in working hours; and cuts in training or other fringe benefits (Schmitt, 2013).

### ECPESS

#### ECPESS 14 [European Community Programme for Employment and Social Solidarity, This publication is commissioned by the European Community Programme for Employment and Social Solidarity (2007-2013). This programme is implemented by the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment, social affairs and equal opportunities area, and thereby contribute to the achievement of the EU2020 goals in these fields, “ Key policy messages from the Peer Review on the ‘Introduction and implementation of the National Minimum Wage’”, European Commission, May 2014, DDA]

#### Plan key to legitimacy of European Social Model.

#### ECPESS 14 [European Community Programme for Employment and Social Solidarity, This publication is commissioned by the European Community Programme for Employment and Social Solidarity (2007-2013). This programme is implemented by the European Commission. It was established to financially support the implementation of the objectives of the European Union in the employment, social affairs and equal opportunities area, and thereby contribute to the achievement of the EU2020 goals in these fields, “ Key policy messages from the Peer Review on the ‘Introduction and implementation of the National Minimum Wage’”, European Commission, May 2014, DDA]

Eurofound, in a recent report (2014), describes the [minimum wage] MW as “...a cornerstone of the ‘European Social Model’” (p. 5), and emphasises the importance of a MW in social policy. Through the MW, issues such as wage in-equalities and in-work poverty can be addressed; incentivising people outside employment to work is also an important aspect of raising labour supply. As stressed during discussions in the Peer Review, there are however limits to the scope of a NMW; a NMW may be one tool to solve wage-inequalities and in-work poverty, but it has to go hand-in-hand with other policy tools to reach the full effect.

### Schmid

#### SCHMID 14 [Günther Schmid (Social Science Research Centre Berlin (WZB), Free University of Berlin and IZA), “Inclusive growth: What future for the European social model?”, IZA Policy Paper, No. 82, 2014, DDA]

#### Unemployment in EU high now and increasing.

#### SCHMID 14 [Günther Schmid (Social Science Research Centre Berlin (WZB), Free University of Berlin and IZA), “Inclusive growth: What future for the European social model?”, IZA Policy Paper, No. 82, 2014, DDA]

The employment rate (measured according to the new Employment Strategy) al- most stagnated, in particular in the Eurozone, and is with 68.4 percent far behind the goal of 75 percent in 2020. The figures for Germany seem to confirm the German “Jobwunder” because the job increase of (+) 7.5 percent seems to be impressive, especially compared to the Greek employment collapse of (-) 9.3 per- cent; in addition, Germany has already passed the EU benchmark. However, as we know from many studies, this job miracle has serious flaws related to insecure or even precarious jobs (Eichhorst and Tobsch 2013, Schmid 2011b).

The mirror of this picture are the rocketing unemployment rates, especially at the European periphery and in particular related to youth unemployment with which we are all already too familiar to have to have repeated here in detail (e.g. European Commission 2013a).

### Schulten 09

#### SCHULTEN 09 [Thorsten Schulten, (Senior Researcher, Wirtschaftsund Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), “Minimum wages in Europe: new debates against the background of economic crisis”, ETUI Policy Brief: European Economic and Employment Policy, 2009, DDA]

#### AT- Theory: The aff needs to establish a relative minimum wage in order to be topical because of large variances in cost of living.

#### SCHULTEN 09 [Thorsten Schulten, (Senior Researcher, Wirtschaftsund Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), “Minimum wages in Europe: new debates against the background of economic crisis”, ETUI Policy Brief: European Economic and Employment Policy, 2009, DDA]

To some extent, the widely differing levels of national minimum wages in Europe are attributable to differing costs of living. When converted into Purchasing Power Standards (PPS) – an artificial currency that takes account of national price levels – the differences between national minimum wage levels shrink quite considerably (Figure 2). Measured in euros, the ratio of the lowest to the highest is 1:13; measured in PPS it drops to 1:6. Even so, this still represents a very considerable gap, and it is this gap that indicates the real differences in minimum wages between the states of Europe.

There are also significant differences in the relative values of the statutory minimum wage, i.e. the minimum wage as a percentage of the average or median wage in the country in question3, indicating that the social standard afforded by the minimum wage in the different nations is extremely variable.

#### Inherency- relative minimum wages in the squo are lower than the plan would make them.

#### SCHULTEN 09 [Thorsten Schulten, (Senior Researcher, Wirtschaftsund Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), “Minimum wages in Europe: new debates against the background of economic crisis”, ETUI Policy Brief: European Economic and Employment Policy, 2009, DDA]

The available data indicate that the relative value of the minimum wage in Europe ranges between 30 and 50% of the average national wage (Table 1). The highest relative minimum wages, with values of around 50% of the average wage, are to be found in France and in Malta. Next comes a group of countries with relative minimum wage values of between 40 and 50% of the average wage and which includes both some old EU states – such as Belgium, Greece, Ireland and Luxembourg – and also some of the new EU states such as Bulgaria, Slovakia and Slovenia. In the majority of countries the relative value of the minimum wage is, on the contrary, below – and in some cases well below – 40% of the average wage. When measured in relation to the median wage, the relative minimum wage values are somewhat higher, but the differences in value between individual states are very similar.

### Kampelmann\*\*Finish

#### KAMPELMANN et al. 13 [Stephan Kampelmann is researcher at the Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics), Andrea Garnero is doctoral candidate at the Ecole Normale Supérieure, Paris School of Economics and Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics), François Rycx is professor of economics at the Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics) and the Institute for the Study of Labor, “Minimum wages in Europe: does the diversity of systems lead to a diversity of outcomes?”, European Trade Union Institute, 2013, DDA]

#### Prefer this study—It collects data from over 1100 sectoral wage agreements around Europe.

#### KAMPELMANN et al. 13 [Stephan Kampelmann is researcher at the Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics), Andrea Garnero is doctoral candidate at the Ecole Normale Supérieure, Paris School of Economics and Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics), François Rycx is professor of economics at the Université Libre de Bruxelles, Solvay Brussels School of Economics and Management (Centre Emile Bernheim and Department of Applied Economics) and the Institute for the Study of Labor, “Minimum wages in Europe: does the diversity of systems lead to a diversity of outcomes?”, European Trade Union Institute, 2013, DDA]

In this report we have tried to strike a balance between acknowledging the importance of institutional diversity, on one hand, and the constraints imposed by the available statistical material and quantitative econometric methods, on the other. To do so, we have left the beaten track of conventional analyses: our empirical results are not only informed by qualitative data on national systems, but we have also collected minimum rates from more than 1,100 sectoral-level agreements across Europe. This effort notably allowed us to assess the labour market performance of the minimum wage systems in Austria, Belgium, Denmark, Finland, Germany and Italy – all countries that are both absent from other empirical studies and among the main protagonists of the minimum wage debate at the European level.

### Zitzler

#### Alternate enforcement mechanism—third party regulator.

#### ZITZLER 07 [Jana Zitzler, Friedrich-Ebert-Stiftung Bonn (a non-profit German political foundation committed to the advancement of public policy issues in the spirit of the basic values of social democracy through education, research, and international cooperation. The foundation, headquartered in Bonn and Berlin, was founded in 1925), “Plea for a European Minimum Wage Policy”, Internationale Politikanalyse International Policy Analysis Unit, April 2007, DDA]

However, it remains under question how EU mem- ber states are to be obliged to raise their minimum wage gradually to 50 per cent and, prospectively, to 60 per cent of the national average income. The open method of coordination is based on voluntary coopera- tion between the EU member states, with no possibili- ties for sanctions. An important step towards the de- velopment of a concept that might attract a consensus on a European minimum wage policy is strengthening the European debate both between the social partners and other interest representatives and between the trade unions themselves. One possibility would be the establishment of an independent institution along the lines of the British Low Pay Commission. The Low Pay Commission consists of representatives of business, academia and the trade unions. It publishes an annual report in which it analyses the effects of the minimum wage on the national economy and the low wage sec- tor. On that basis, it makes recommendations on the future level of the minimum wage in the United King- dom. A corresponding independent institution with representatives from the member states and the EU could make recommendations on the level of the minimum wage for a given country with the aim of attaining a uniform level across the EU (60 per cent of national average income). It would need to lay down a deadline, within the framework of a policy proposal, by which this goal can be attained for the EU as a whole. Such an institution would have the advantage of being able to mediate between the different interest representatives and contribute to reaching a consen- sus. This would increase the political feasibility of the long-term aim of establishing by law a uniform mini- mum wage level and making it binding for all member states, including the related possible sanctions. If the EU member states wish to take seriously their com- mitments in the Social Charter and the goals of the Lisbon Strategy, they have to make minimum wage regulation, as well as other policy areas, binding throughout Europe.

### Theses for a European minimum wage policy

#### EU law requires a fair wage that covers costs of living.

#### SCHULTEN et al. 05 [Thorsten Schulten, Claus Schäfer, Reinhard Bispinck Wirtschaftsund Sozialwissenschaftliches Institut (WSI) in der Hans-Böckler-Stiftung, Germany, Andreas Rieger, Beat Ringger, Hans Baumann Denknetz (Non-partisan Swiss think tank), Switzerland Michel Husson, Antoine Math Institut de Recherches Economiques et Sociales (IRES), France, “Theses for a European minimum wage policy”, Source- Minimum wages in Europe, pp. 375, DDA]

The existence of low wages which exclude those concerned from normal participation in society stands in glaring contrast to the right to a ‘decent’ or ‘fair’ wage enshrined in many European and international agreements. The Community Charter of Fundamental Social Rights for Workers (abbreviated to the EU Social Charter) adopted by the EU in 1989 contains the principle that every job must be paid a fair remuneration (Title 1 (5)). According to the situation in each country workers should therefore be guaranteed a fair remuneration for work. The concept of fair remuneration for work is understood by the EU Social Charter to mean remuneration for work that is sufficient for a decent standard of living for workers. The 1961 ‘European Social Charter’ of the European Council also contains express provision for ‘the right to a fair remuneration sufficient for a decent standard of living...’ (Article 4). Similar provisions concerning ‘fair remuneration’ are also to be found in the national Constitutions of many European countries, such as Belgium, Italy, Spain, Portugal and the Czech Republic, as well as in the federal constitutions of several German federal states (e.g. in Hesse or North Rhine Westphalia).

#### International law requires fair wages- more evidence

#### SCHULTEN et al. 05 [Thorsten Schulten, Claus Schäfer, Reinhard Bispinck Wirtschaftsund Sozialwissenschaftliches Institut (WSI) in der Hans-Böckler-Stiftung, Germany, Andreas Rieger, Beat Ringger, Hans Baumann Denknetz (Non-partisan Swiss think tank), Switzerland Michel Husson, Antoine Math Institut de Recherches Economiques et Sociales (IRES), France, “Theses for a European minimum wage policy”, Source- Minimum wages in Europe, pp. 375, DDA]

A fundamental instrument for safeguarding a decent remuneration of work is the setting of minimum wages. As far back as 1928, the International Labour Organisation (ILO) adopted an Agreement on Minimum-wage fixing machinery (ILO Convention No. 26). A sub- sequent Convention adopted in 1970 again confirmed the impor- tance of minimum wages (ILO Convention No. 131). In the view of the ILO all states should introduce a national system of minimum wages to protect wage earners against inappropriately low wages. Depending on the general social and economic conditions in each country, the level of the minimum wage should be determined ‘in agreement or after full consultation with the representative organisations of employers and workers concerned.’

#### Plan sends a signal that improves working conditions on the whole and prevents cross-border wage dumping—Europe-wide regulation is key.

Against a background of a common European internal market and an increasingly integrated European economy, there is an urgent need for a European minimum wage policy. The aim of such a policy would be to halt the spread of poverty-level wages as well as pre- venting the menace of cross-border wage dumping, a phenomenon to which the low-wage sector is particularly vulnerable. In this way, the policy would make an important contribution to implementing the principle of ‘equal pay for equal work at the same place’. Furthermore, a European minimum wage policy would also send out positive signals for other social objectives, such as narrowing the wage differential between men and women and improving the quality and productivity of work. Finally, regarding its macroeconomic function, a European minimum wage policy would contribute significantly to stabilising private demand and serve as a buffer against deflationary tendencies.

#### Having the same nominal wage level across all of Europe doesn’t make sense- the plan works because it’s based on a ratio relative to each country.

#### SCHULTEN et al. 05 [Thorsten Schulten, Claus Schäfer, Reinhard Bispinck Wirtschaftsund Sozialwissenschaftliches Institut (WSI) in der Hans-Böckler-Stiftung, Germany, Andreas Rieger, Beat Ringger, Hans Baumann Denknetz (Non-partisan Swiss think tank), Switzerland Michel Husson, Antoine Math Institut de Recherches Economiques et Sociales (IRES), France, “Theses for a European minimum wage policy”, Source- Minimum wages in Europe, pp. 375, DDA]

Accordingly, the proposal for a European minimum wage policy would essentially comprise laying down Europe-wide specific common objectives and criteria on the basis of which national minimum wage policy can be coordinated with one another. In so doing, the purpose cannot be to lay down a uniform level of minimum wage across Europe, given the continuing existence of widely-differing levels of economic development in Europe and the associated huge wage differentials. Instead, the aim must be to lay down a specific minimum norm in each country for the lowest wage groups representing a specific ratio of the national wage system. As a target fig- ure, all European countries should set their sights on a national minimum wage norm of at least 60% of the average national wage. As a short-term interim target, all countries should introduce a minimum norm corresponding to 50% of the average national wage.

### Europe Econ Impacts

#### European economic collapse causes multiple scenarios of global war.

Wright 12, Thomas, fellow with the Managing Global Order at the Brookings Institution, Summer 2012, “What if Europe Fails?” The Washington Quarterly, http://csis.org/files/publication/twq12SummerWright.pdf, Accessed 7/25/14

Yet, verbal warnings from nervous leaders and economists aside, there has been remarkably little analysis of what the end of European integration might mean for Europe and the rest of the world. This article does not predict that failure will occur it only seeks to explain the geopolitical implications if it does. The severity and trajectory of the crisis since 2008 suggest that failure is a high-impact event with a non-trivial probability. It may not occur, but it certainly merits serious analysis. Failure is widely seen as an imminent danger.¶ Would the failure of the Euro really mean the beginning of the end of democracy in Europe? Could the global economy survive without a vibrant European economy? What would European architecture look like after the end of European integration? What are the implications for the United States, China, and the Middle East? Since the international order has been primarily a Western construction, with Europe as a key pillar, would the disintegration of the European Union or the Eurozone have lasting and deleterious effects on world politics in the coming decade?¶ Thinking through and prioritizing the consequences of a failed Europe yield five of the utmost importance. First, the most immediate casualty of the failure of the European project would be the global economy. A disorderly collapse (as opposed to an orderly failure, which will be explained shortly) would probably trigger a new depression and could lead to the unraveling of economic integration as countries introduce protectionist measures to limit the contagion effects of a collapse. Bare survival would drag down Europe’s economy and would generate increasing and dangerous levels of volatility in the international economic order.¶ Second, the geopolitical consequences of an economic crisis depend not just on the severity of the crisis but also the geopolitical climate in which it occurs. Europe’s geopolitical climate is as healthy as can be reasonably expected. This would prevent a simple repeat of the 1930s in Europe, which has been one of the more alarming predictions from some observers, although certain new and fragile democracies in Europe might come under pressure.¶ Third, failure would cement Germany’s rise as the leading country in Europe and as an indispensable hub in the European Union and Eurozone, if they continue to exist, but anti-Germanism would become a more potent force in politics on the European periphery.¶ Fourth, economic downturn as a result of disintegration would undermine political authority in those parts of the world where the legitimacy of governments is shallow, and it would exacerbate international tensions where the geopolitical climate is relatively malign. The places most at risk are the Middle East and China.¶ Fifth, disintegration would weaken Europe on the world stage–it would severely damage the transatlantic alliance, both by sapping its resources and by diverting Europe’s attention to its internal crisis–and would, finally, undermine the multilateral order.¶ Taking these five implications in their totality, one thing is clear. Failure will badly damage Europe and the international order, but some types of failure–most notably a disorderly collapse–are worse than others. Currently, the pain is concentrated on the so-called European periphery (Greece, Portugal, Spain, Italy, and Ireland). Disorderly collapse would affect all European countries, as well as North America and East Asia. If a solution to the Eurocrisis is perceived as beyond reach, leaders of the major powers will shift their priorities to managing failure in order to contain its effects. This will be strenuously resisted on the periphery, which is already experiencing extremely high levels of pain and does not want to accept the permanence of the status quo. Consequently, their electorates will become more risk-acceptant and will pressure Germany and other core member states to accommodate them through financial transfers and assistance in exchange for not deliberately triggering a break-up. This bitter split will divide and largely define a failing Europe. Absent movement toward a solution, EU politics is about to take an ugly turn.

#### Europe shoring up economy now but on the brink of recession --- would trigger Eurozone crisis.

Reuters, 10/11/2014. “Europe growth pact floated as euro zone recession fears mount,” http://www.cnbc.com/id/102080087.

Heeding global calls for action to shore up Europe's sagging economy, euro zone's top finance official proposed a new growth pact on Friday to break a policy logjam and spur reforms by rewarding countries with cheap funds and leeway on budget targets.

The International Monetary Fund, which cut its global growth forecasts for the third time this year this week, flagged Europe's weakness as the top concern, a sentiment echoed by many policymakers, economists and investors.

European officials in Washington for the IMF and World Bank annual meetings sought to dispel the gloom, with European Central Bank President Mario Draghi talking about a delay, not an end, to the region's recovery.

Jeroen Dijsselbloem, the chairman of euro zone's finance ministers, used the forum to propose a new "growth deal" for Europe offering nations embarking on ambitious economic reforms more fiscal wiggle room and low-interest EU funds.

"There is no reason for this gloominess about Europe," Dijsselbloem told Reuters. "Those countries that have actually implemented the strategy and done the reforms, have returned to growth, in southern Europe, in the Baltics, in Ireland. Which once again proves that reforms do not hurt growth, but help recovery quite quickly."

It would take months of political negotiations for the proposed pact to take shape. In the meantime, a steady stream of poor economic data looks set to keep Europe's partners on edge.

"The biggest risk to the global economy at the moment ... is the risk of the euro zone falling back into recession and into crisis," British finance minister George Osborne told reporters.

#### Europe on the brink of a deflation crisis --- slowing growth triggers depression spiral.

[Michael J. Hicks](mailto:mhicks@bsu.edu), 9/30/2014. PhD, is the director of the [Center for Business and Economic Research](http://cms.bsu.edu/Academics/CentersandInstitutes/BBR.aspx) and the George and Francis Ball distinguished professor of economics in the Miller College of Business at Ball State University. “OPINION: Europe is on the brink of real deflation,” Indiana Economic Digest, http://indianaeconomicdigest.com/Main.asp?SectionID=31&SubSectionID=135&ArticleID=76590.

Europe is on the brink of real deflation. Economic growth has slowed to the brink of recession and not just in the beleaguered southern nations, but in strong places like Germany, the UK (blessedly still united) and Scandinavia. Slowing economic growth places downward pressure on prices and in a rush to prevent deflation, the [European Central Bank](http://www.ecb.int/) will aggressively boost money supplies in the coming months. But this begs the question, why is deflation bad, but lower prices good? Here’s why.

Better machinery, better educated workers, more abundant raw materials and a more free movement of goods all reduce the cost of goods and services. Abundance in raw materials is fleeting, while all the other factors have at their core the wisdom and talents of people. This is where economic growth ultimately comes from, and with it a lower cost for the production of many goods and services. More costly substitutes become obsolete and are relegated to wistful memory (see buggies and manual typewriters for examples). This is a good process, relieving want and allowing us greater choices along with cheaper goods.

Deflation is different. A deflationary world is one where consumers and business have too little money to chase too many goods. This causes the price of goods to decline, leading consumers and businesses to delay their purchases. The canonical economic models tell us that deflation leads the economy quickly into recession, then perhaps depression. It is probable that deflation, not the stock market crash, is the real cause of the Great Depression.

### Other

#### Strong political pressure to mitigate low-pay of workers—plan would legitimize the “social Europe” project.

#### SCHULTEN AND WATT 07 [Thorsten Schulten (Senior Researcher, Wirtschaftsund Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), Andrew Watt (Senior Researcher, European Trade Union Institute for Research, Education and Health and Safety.), “European minimum wage policy – a concrete project for a social Europe”, European Economic and Employment Policy Brief No. 2 – 2007, DDA]

Behind these initiatives for “fair and equitable wages” lies the search for political projects that could help to reverse the increasing loss of trust and legitimacy in the EU among growing sections of European labour. The effort to push through a European minimum wage policy geared to the goal of guaranteeing every employed person a decent minimum wage would indeed represent a concrete political project that would lend substance to the idea of a “social Europe”. A project of this kind would be diametrically opposed to the spread of precarious conditions of employment. Today more than 15% of all employees in the old EU – i.e. more than 20 million wage- earners – work in the low-paid sector (that is earn an hourly wage less than 2/3 of the national median wage) (European Commission 2004). There is a widespread perception that the EU is doing too little to mitigate or counteract such precarisation, and that the liberal thrust of the EU’s own economic and social policy agenda is even exacerbating the problem. The European trade unions are therefore called upon to enter the current debate and to come up with their own proposals for ways to implement the idea of a European minimum wage policy.

#### Tag

#### SCHULTEN AND WATT 07 [Thorsten Schulten (Senior Researcher, Wirtschaftsund Sozialwissenschaftliches Institut (WSI) at the Hans Böckler Foundation), Andrew Watt (Senior Researcher, European Trade Union Institute for Research, Education and Health and Safety.), “European minimum wage policy – a concrete project for a social Europe”, European Economic and Employment Policy Brief No. 2 – 2007, DDA]

In general terms regulation has tended to be at the level of the nation state because, historically, that was also the main boundary of the market, certainly for labour and to a considerable extent also for goods. Economic integration since the establishment of the EEC in 1957 has led to an increasing need to regulate at the new ‘boundary of the market’, i.e. the European level, both to facilitate the movement of factors of production within the market and also to prevent factor mobility from undermining national regulation. The former concerns issues such as the cross-border transferability of pension rights. The latter is the ‘race-to- the-bottom argument that regulatory competi- tion between – primarily – member states to attract mobile factors of production (capital, highly skilled workers) will restrict the ability of government to impose conditions and standards in social (but also environ- mental) matters, unleashing a downward spiral in which all countries end up with less regulation than they want or is optimal: the steady decline in corporate tax rates in Europe is a prominent example of this. This would justify the imposition of, at most, harmonised regulations and, at least, minimum European standards that put a ‘floor’ in the market in question.

#### Legal codes require the plan

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As a formal basis for a European minimum wage policy it is possible to take the Com- munity Charter of the Fundamental Social Rights of Workers (1989) which states that “all employment shall be fairly remunerated”. To this end, the EU states are required to ensure that “in accordance with arrangements applying in each country workers shall be assured of an equitable wage, i.e. a wage sufficient to enable them to have a decent standard of living” (Title 1 paragraph 5).

#### AT- Bargaiing CP- PERM- OMCs mean each country can ensure minimum wage however they want

For the implementation of a European mini- mum wage policy it would be possible to combine two strategic approaches. The first approach concerns the political institutions at EU and national level. A European minimum wage policy would be introduced via the so- called open method of coordination (OMC): specific concrete goals and deadlines are set at European level which can then be implemented in the national frameworks via the customary institutions and procedures. Depending on national tradition it is possible to use statutory minimum wages, generally binding collective agreements or combinations of the two types of procedure. The European level then has the task of overseeing the implementation at national level and of contributing, through a comprehensive monitoring of national minimum wage policies and wage outcomes, to the spread of good national practices. The second approach would be to make minimum wages a part of European trade union policy towards a coordination of collective bargaining. Here the European unions could set their own targets regarding the lowest collectively agreed wages and could organise a joint campaign against low pay – as already proposed by EPSU.

#### AT- Bargaining CP- each country will first get a chance to establish living wage through collective bargaining and a statutory living wage will only be imposed if bargaining fails

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It will be argued that countries with autonomous bargaining that do not meet the

target will, in the end, be obliged to resort to statutory measures. However, the countries concerned, in particular the Scandinavian countries, have some of the most compressed wage structures in the world (European Commission 2005) and are therefore unlikely to encounter the problem. And if it is the case that wage inequality in such countries is growing wider, under pressure from globali- sation, European liberalisation of services and – at least in some sectors – increasing labour migration, and/or falling union membership, etc, then, given the inevitably not particularly ambitious target that will be set at European level, a debate within the labour movements on the feasibility, indeed acceptability, of continuing to rely on collec- tive bargaining will in any case take place. In Germany – after a long and controversial internal debate – the DGB has decided to call for the introduction of a statutory minimum wage as a complementary instrument to collective agreements, since declining bargaining coverage has become a major cause of the strong increase in the numbers of low paid workers (Schulten 2006b).

### Other article

#### Absolute wage for all states that is the same is impossible.

#### TRESOR ECONOMICS 14 [Tresor-Economics, These background papers seek to shed light on the economics Underlying Both topical and along-term issues. They are Prepared under the authority of the Directorate General of the Treasury (Treasury Branch), “Mapping out the options for a European minimum wage standard”, No. 133, July 2014, DDA]

The introduction of an EU minimum wage standard could consist of a floor rate expressed as a percentage of each country's median wage

The differences in living standards in the EU or the euro area alone make it impossible to define a minimum wage in absolute value terms. However, it would be possible to define a minimum wage floor as a percentage of the median wage9. Member States would remain free to set the minimum wage rate above this EU floor. In its simplest version and in an initial stage, the floor could be set at 45-50% of the median wage10, a rate slightly above the lowest ratio in the EU and the euro area (40% in Estonia and the Czech Republic). In a more ambitious version, a medium-term target could be defined, for example, at the rate of Germany's future minimum wage, i.e., around 55% of the median wage.